

Yesterday, the Commission proposed to the State Supreme Court a set of rules which would allow any citizen to initiate action against a judge and bypass impeachment proceedings. The Commission would investigate and make a recommendation to the Supreme Court to discipline, remove or force voluntary retirement of a judge.

The High Court will later decide whether to accept this recommended procedure. We hope the court will do just that. This proposal would bring the citizen and the judge into a closer relationship. It is about time that a line of responsibility was established, which links judges to the people they serve.

### Calm Needed in Korean Crisis

**HON. MICHAEL A. FEIGHAN**

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, January 26, 1968

Mr. FEIGHAN. Mr. Speaker, it is my hope that our citizens will heed the suggestions presented by the Cleveland Plain

Dealer in its editorial of Thursday, January 25, which, under leave granted, follows:

#### CALM NEEDED IN KOREAN CRISIS

While the nation waits anxiously for developments in the seizure of the Pueblo, it would do well to follow Sen. Mike Mansfield's warning not to shoot from the hip but to wait until there is better information about the incident off North Korea.

The Democratic leader favors concentrating on diplomatic channels to gain return of the Pueblo and its crews.

Exasperating as the waiting is, it is preferable to risking military action which could open another Asian battleground and put the detained Americans in added jeopardy.

In its diplomatic proceedings, the United States is forced to rely on the integrity of the Soviet Union—despite the initial rebuff—as the most suitable, if not the only, intermediary. The Russians need coaxing.

If negotiations can be established, it is not going to be easy. North Korean perfidy is obvious in the "confession" the government is attributing to the Pueblo's captain, Lloyd Bucher. Neither the language nor the reactions can be said to be American. It is strictly a North Korean document.

The belligerent tone of the Korean statements indicates ominously that the Pueblo incident could have been a deliberate action and part of a plot to harass the United States and South Korea. There have been other recent instances of violence designed to provoke retaliation.

But it would be premature to try to pinpoint exactly the north's intentions.

There is strong evidence that the Pueblo had time to destroy at least some of the ship's electronic intelligence equipment. It is believed that the Americans injured may have been wounded when exploding devices were discharged.

The Pueblo apparently had about an hour and 45 minutes between the time it was challenged by the Korean patrol and the arrival of the boarding party.

Why the ship did not use its three machine guns in defense and did not call for air support are questions only Capt. Bucher can answer. Absence of a convoy is understandable since it might have betrayed the reconnaissance mission of the Pueblo.

While it awaits answers and hopes for progress in the diplomatic maneuvering, the nation must be as calm and as patient as it was in the Cuban missile crisis. The Korean stakes are nearly as high.

## HOUSE OF REPRESENTATIVES—Monday, January 29, 1968

The House met at 12 o'clock noon. The Chaplain, Rev. Edward G. Latch, D.D., offered the following prayer:

*You shall know the truth, and the truth shall make you free.—John 8: 32.*

Almighty God, we pause in Thy presence in the midst of these trying times, lifting our spirits unto Thee unto whom all hearts are open, all desires known, and from whom no secrets are hid. Teach us to pray that Thy spirit may increasingly be a reality in our hearts and, becoming real, hold us steady and keep us steadfast that we may not act hastily without facts but hopefully with faith.

We are distressed by the difficulties we are facing, weighed down by worry, burdened by bitterness, and disturbed by doubt. Help us to be creatively concerned and with confident certainty to make decisions wisely for our good and for the good of all.

Give us the strength to carry on, believing that every experience that comes our way and every event that takes place in our world we can meet and meet with honor to ourselves, to our Nation, and to Thee. In the Master's name we pray. Amen.

### THE JOURNAL

The Journal of the proceedings of Thursday, January 25, 1968, was read and approved.

### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Geisler, one of his secretaries.

### A COMMUNICATION FROM THE CHAIRMAN OF THE COMMITTEE ON AGRICULTURE

The SPEAKER laid before the House the following communication from the

chairman of the Committee on Agriculture which was read, and, together with the accompanying papers, referred to the Committee on Appropriations:

U.S. HOUSE OF REPRESENTATIVES,  
COMMITTEE ON AGRICULTURE,  
Washington, D.C., January 24, 1968.

HON. JOHN W. MCCORMACK,  
The Speaker, the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: Pursuant to the provisions of section 2 of the Watershed Protection and Flood Prevention Act, as amended, the Committee on Agriculture today considered and unanimously approved the work plans transmitted to you by Executive Communication and referred to this Committee. The work plans involved are:

Blackhawk-Kickapoo, Wisconsin, Executive Communication 1300, 90th Congress.

Cross Creek, Kansas, Executive Communication 1300, 90th Congress.

Garrison Creek, Oklahoma, Executive Communication 1300, 90th Congress.

Mustang Creek, California, Executive Communication 1300, 90th Congress.

Old Town Creek, Alabama, Executive Communication 1300, 90th Congress.

Tesatee Creek, Georgia, Executive Communication 1300, 90th Congress.

Cahuiga Creek, Alabama, Executive Communication 1301, 90th Congress.

Cameron-Creole, Louisiana, Executive Communication 1301, 90th Congress.

Central Madison, Louisiana, Executive Communication 1301, 90th Congress.

Elk Twomile Creek, W. Virginia, Executive Communication 1301, 90th Congress.

West Fork Bayou Lacassine, Louisiana, Executive Communication 1301, 90th Congress.

West Fork Mayfield Creek, Kentucky, Executive Communication 1301, 90th Congress.

Yours sincerely,

W. R. POAGE,  
Chairman.

### APPOINTMENT AS MEMBERS OF BOARD OF VISITORS TO THE U.S. AIR FORCE ACADEMY

The SPEAKER. Pursuant to the provisions of title 10, United States Code,

section 9355(a), the Chair appoints as members of the Board of Visitors to the U.S. Air Force Academy the following Members on the part of the House: Mr. ROGERS of Colorado; Mr. FLYNT, of Georgia; Mr. MINSHALL, of Ohio; Mr. BROTZMAN, of Colorado.

### APPOINTMENT AS MEMBERS OF BOARD OF VISITORS TO THE U.S. COAST GUARD ACADEMY

The SPEAKER. Pursuant to the provisions of title 14, United States Code, section 194(a), the Chair appoints as members of the Board of Visitors to the U.S. Coast Guard Academy the following Members on the part of the House: Mr. ST. ONGE, of Connecticut; Mr. WYATT, of Oregon.

### APPOINTMENT AS MEMBERS OF THE BOARD OF VISITORS TO THE U.S. MERCHANT MARINE ACADEMY

The SPEAKER. Pursuant to the provisions of title 46, United States Code, section 1126(c), the Chair appoints as members of the Board of Visitors to the U.S. Merchant Marine Academy the following Members on the part of the House: Mr. CAREY, of New York; Mr. BURKE, of Florida.

### APPOINTMENT AS MEMBERS OF THE BOARD OF VISITORS TO THE U.S. MILITARY ACADEMY

The SPEAKER. Pursuant to the provisions of title 10, United States Code, section 4355(a), the Chair appoints as members of the Board of Visitors to the U.S. Military Academy the following Members on the part of the House: Mr. TEAGUE, of Texas; Mr. NATCHER, of Kentucky; Mr. RHODES, of Arizona; Mr. FIRNIE, of New York.

# APPOINTMENT AS MEMBERS OF THE BOARD OF VISITORS TO THE U.S. NAVAL ACADEMY

The SPEAKER. Pursuant to the provisions of title 10, United States Code, section 6968(a), the Chair appoints as members of the Board of Visitors to the U.S. Naval Academy the following Members on the part of the House: Mr. Flood, of Pennsylvania; Mr. MACHEN, of Maryland; Mr. LIPSCOMB, of California; Mr. MORTON, of Maryland.

## CHAIRMAN PATMAN INTRODUCES NEW CREDIT UNION LEGISLATION

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, today I have introduced legislation designed to strengthen the Federal Credit Union Act in a number of ways and to give Federal credit unions the flexibility they need to compete in the modern financial world. I would like to take a few minutes to summarize the changes contained in the legislation.

At the present time, credit unions are prohibited from making loans of more than 5 years' maturity. This severely restricts the type of loan that a credit union can make and can, in some cases, cause financial hardships for a member who must, out of necessity make a large purchase and attempt to finance it over a 5-year period. Credit unions are the only financial institutions which can make large size loans that are limited to such a short maturity. To remedy this situation, my bill would increase credit union loan maturities from 5 to 10 years.

The legislation also contains a provision which allows credit unions to invest 25 percent of their regular reserve in organizations which are controlled by credit unions or credit union associations whose funds are used primarily for maintaining liquidity and solvency of credit unions, as well as central credit unions.

For a number of years the credit union movement has been conducting a stabilization program, with a majority of its funds coming from State-chartered credit unions and from various State credit union leagues. The purpose of the stabilization fund is to aid credit unions during periods of temporary financial trouble. The stabilization fund can, for instance, purchase loans from credit unions if the credit union faces a liquidity problem.

Under the present statute, however, Federal credit unions are not allowed to directly participate in stabilization programs. By allowing their participation, the stabilization program will be greatly enhanced and the need for Federal Government share insurance will be greatly diminished.

This provision of the bill also lays the groundwork for Federal credit union participation in the International Credit Union Services Corporation which was

organized last year. The ICUSC will act as a stabilization fund for credit unions throughout the world and will enable credit unions to pool their idle funds for investment.

A provision of the bill that would allow Federal credit unions to purchase loans from liquidating credit unions, was brought about mainly as the result of the large number of military bases that have been closed in recent years. Many of these bases had credit unions and, unless the credit union was to be merged with another credit union, the closing credit union found it difficult to sell its members' loans in order to provide for an orderly liquidation. If the closing credit union were to merge with another credit union, the new credit union could simply absorb the loans of the old credit union; but if no such merger were planned, no other credit union could buy the loans, since the members of the closed credit union would not be in the "common bond" of the other credit union. This change would allow any credit union to purchase a note from a liquidating credit union without requiring that the borrower become a member of that credit union.

The Federal Credit Union Act provides that credit unions must place in reserve all interest, fees, fines, and 20 percent of net earnings annually until the reserve equals 10 percent of the total amount of the credit union share holdings. This portion of my bill would:

First. Relate reserves to loans outstanding, rather than total member share holdings; and

Second. Decrease the statutory reserve requirement from 10 percent to 7 percent, while, at the same time, allowing the Director of the Bureau of Federal Credit Unions to establish additional reserves by regulation if the need arises.

The changes are necessary because credit unions have been doing an excellent job in protecting the savings of their members. There are more credit unions in the United States than banks and savings and loans combined, yet losses suffered by credit unions are far less than those suffered by banks and savings and loans. The excellent loss ratio, plus a mandatory bonding requirement, clearly indicates that credit unions do not need to be bogged down with excessive reserve requirements and should have as much money as possible available for loans and investments.

A copy of my bill follows:

H.R. 14907

A bill to amend the Federal Credit Union Act  
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. The Federal Credit Union Act is amended as follows:

(1) Section 8(5) (12 U.S.C. 1757(5)) is amended by changing "five" to read "ten".

(2) Section 8(8) (12 U.S.C. 1757(8)) is amended by striking "or" immediately before "(F)", and by adding at the end thereof: "(G) in an aggregate amount not exceeding 25 per centum of its regular reserve established under section 17 of this Act in one or more incorporated or unincorporated organizations which are controlled by credit unions or credit union associations and which use funds so invested for purposes of establishing and maintaining liquidity or solvency or

security of credit unions; or (H) in shares or deposits of any central credit union in which such investments are specifically authorized by the board of directors of the Federal credit union making the investment;"

(3) Section (8) (12 U.S.C. 1757) is amended by redesignating paragraph (14) as paragraph (15), and by inserting immediately after paragraph (13):

"(14) to purchase from any liquidating credit union notes of any individual members of the liquidating credit union at such prices as may be agreed upon by the board of directors of the liquidating credit union and the board of directors of the purchasing credit union;"

(4) Section 17 (12 U.S.C. 1761) is amended to read:

### "RESERVES"

"SEC. 17. (a) Each Federal credit union shall maintain a regular reserve against losses on defaulted loans and such other losses as may be specified in the bylaws in accordance with regulations prescribed under this Act. All entrance fees and charges shall, after payment of organization expenses, be added to the regular reserve.

"(b) If, at the close of any dividend period, the regular reserve is less than 7 per centum of the outstanding loans to members, there shall be transferred to the regular reserve an amount equal to—

"(1) 20 per centum of the net earnings, before the declaration of any dividends, for that dividend period, or

"(2) the difference between 7 per centum of the outstanding loans to members and the amount of the regular reserve, whichever is less.

"(c) In addition to the regular reserve, special reserves to protect the interest of members shall be established when required (1) by regulation, or (2) in any special case, when found by the Director to be necessary for that purpose."

## MILITARY CREDIT UNIONS BEGINNING OPERATIONS OVERSEAS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, during the 89th Congress, the Committee on Banking and Currency held extensive hearings on the problems faced by servicemen in attempting to obtain adequate financing for their personal needs.

The committee learned, for example, that it was not uncommon for servicemen to be charged rates as high as 60 and 70 percent when obtaining loans from certain finance companies. The abuses of the serviceman's trust by these companies uncovered by the committee were shocking. Servicemen's accounts were padded with unnecessary charges and, in some cases, the serviceman was charged for insurance but the policy was never written. And, if the serviceman fell behind in his payments, the car was quickly repossessed and sold. In some cases, we found that the serviceman who lost his car after making a number of payments on the automobile was forced to pay more money after repossession than his loan balance when he purchased the car.

From the beginning of these hearings, it was my feeling that one of the answers



to helping servicemen in this critical area was to provide credit unions for servicemen throughout the world. It quickly developed during the course of the hearings that on military installations served by an active credit union there were few incidents of servicemen being victimized by loan companies. But since there were no official credit unions operating on military installations overseas, servicemen stationed outside the United States were forced to deal with the high-rate sharp practice companies.

Following the hearings, a subcommittee headed by the gentleman from New Jersey [Mr. MINISH] visited a large number of military installations throughout Europe to gain firsthand information about financing problems. The Minish subcommittee recommended that, in order to curb these abuses, the Department of Defense take all necessary action to establish credit unions on military installations throughout the world.

Shortly thereafter, the Department of Defense issued a regulation, 1000.10, providing for the establishment of overseas credit unions. However, because of some conflicts with local laws, it was nearly 18 months before credit unions could be established on more than a token basis. During this period, however, the Department of Defense, the State Department, aided by CUNA International, the worldwide credit union organization, conducted talks with foreign countries in order to expedite the establishment of credit unions.

Recently, I was happy to have the privilege of announcing the establishment of six credit unions in the Federal Republic of Germany designed to serve servicemen stationed throughout that country.

This morning, I received a letter from retired Brig. Gen. Evert S. Thomas, Jr., executive secretary of the Defense Credit Union Council and also Washington director of CUNA International, containing the first progress report on the new credit unions in Germany. Two of the credit unions are already in operation while the other four are in Germany making final preparations for their openings. By the first week in March all of the credit unions will be in operation.

It is extremely gratifying to note in General Thomas' report the acceptance of these credit unions by our servicemen. For instance when a suboffice of the Lackland Air Force Base Federal Credit Union, San Antonio, Tex., opened in West Berlin, 100 members were signed up during the first 3 days of operation. During its first 3 days of operation, this credit union received deposits of nearly \$3,000.

I am including a copy of General Thomas' first report in my remarks and as future reports are received on the operations of these credit unions, I plan to place them in the RECORD.

DEFENSE CREDIT UNION COUNCIL,  
Washington, D.C., January 23, 1968.

HON. WRIGHT PATMAN,  
Chairman, Committee on Banking and Currency,  
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The following initial progress report concerning the establishment of credit union sub-offices in Germany is submitted for your information.

**Lackland Federal Credit Union** whose home office is located at Lackland Air Force Base, San Antonio, Texas opened a sub-office in West Berlin on 26 December 1967. Three persons are employed in this office. During the first eight days of operation 100 members of the Berlin Command joined this credit union.

**Redstone Federal Credit Union** whose home office is located at Redstone Arsenal, Alabama will open two sub-offices on 15 February 1968. One sub-office will be located in Mannheim, Germany. The second will be located at Stuttgart, Germany. These two offices will serve Department of Defense personnel stationed at or in the vicinity of: Darmstadt, Babenhause, Dextheim, Aschaffenburg, Worms, Mannheim, Heidelberg, Karlsruhe, Heilbronn, Schwabisch Hall, Pforzheim, Stuttgart, Schwabisch Gmund, Goppingen and Ulm.

**Finance Center Federal Credit Union** whose home office is located at Fort Benjamin Harrison, Indiana will open a sub-office at Furth, Germany on 15 February 1968. It plans to open offices at Bamberg on 15 May 1968, Ansbach 15 August 1968; and Grafenwohr on 15 October 1968. The above offices will serve Department of Defense personnel stationed at or in the vicinity of: Nuremberg, Erlangen, Ansbach, Bamberg, Bayreuth and Grafenwohr.

**Ft. Belvoir Federal Credit Union** located at Fort Belvoir, Virginia will open a sub-office at Wurzburg, Germany on 1 February 1968. Personnel to operate the office are on station now. This sub-office will serve Department of Defense personnel stationed at or in the vicinity of: Wildflecken, Bad Kissingen, Schweinfurt, Wertheim, Kitzingen, Bad Windsheim, Crailsheim and Fulda.

**Pease AFB Federal Credit Union** located at Pease Air Force Base, New Hampshire opened a suboffice at Ramstein on 15 January 1968. It plans to open a second office at Sembach early in 1968 and a third one, probably at Kaiserslautern, during the first quarter of 1968. These offices will serve Department of Defense personnel stationed at or in the vicinity of: Badkreuznach, Baumholder, Kirchheim-Boland, Sembach, Kaiserslautern, Zweibrücken, Pirmasens, Hahn, Birkenfeld, Spangdahlen and Bitburg.

**Andrews AFB Federal Credit Union** located at Andrews Air Force Base, Washington, D.C. will open a sub-office at Wiesbaden, Germany not later than 4 March 1968. Other offices will be opened at Rhein-Main, Mainz, Frankfurt, Hanau, Gelnhausen, Bidingen, Nauheim, Butzbach and Giessen on dates yet to be determined. This credit union will serve Department of Defense personnel stationed at or in the vicinity of: Rhein-Main, Mainz, Frankfurt, Hanau, Gelnhausen, Bidingen, Nauheim, Butzbach and Giessen.

The staff for the Wiesbaden sub-office is on station.

I intend to provide you with continuing progress reports on or about the 15th day of each month.

Respectfully,

EVERT S. THOMAS, JR.,  
Brigadier General, U.S.A. (retired),  
Executive Secretary.

#### LABOR, INDEPENDENT BANKERS, AND CONSUMERS SUPPORT A STRONG TRUTH-IN-LENDING BILL

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. Mr. Speaker, tomorrow the House begins debate on H.R. 11601, the Consumer Credit Protection Act.

This is perhaps one of the most im-

portant bills that will come before the 90th Congress, since it will have a broad impact on all Americans.

I have noted with interest during the past months the number of constituent polls that have been published in the CONGRESSIONAL RECORD by Members of this body. In every poll that asked the question—do you favor truth-in-lending legislation?—the favorable responses have been the largest of any question in the polls, with many reaching as high as 95 percent favoring such legislation.

It is clear then that the American people want the strongest possible consumer protection legislation. This point has been brought home even more clearly by letters that I have received recently from the American Federation of Labor and Congress of Industrial Organizations—AFL-CIO—the Industrial Union Department of the AFL-CIO, the Independent Bankers Association, and the National Consumers League. All of these groups wrote to express their hopes that the strongest possible consumer protection act would be passed by the House of Representatives. The Industrial Union Department was particularly hopeful that the final bill would include coverage of revolving credit, the elimination of the \$10 credit charge exemption, and full protection against unconscionable garnishments.

In his letter, Mr. Jack T. Conway, executive director of the Industrial Union Department, stated:

These amendments are key to the effectiveness of the bill in protecting the poor; without these amendments, loopholes in H.R. 11601 would virtually destroy it as a meaningful measure.

The Independent Bankers feel that the legislation should cover all credit extenders, rather than grant exemptions to certain retail credit extenders. Mr. Stanley R. Barber, president of the Independent Bankers, states:

The purpose of "Truth-in-Lending" is to have credit charges stated in such a way that the consumer may make an informed judgment on the cost of alternative sources of credit. It seems to us that a single standard for stating these charges is essential to achieving this purpose. A variation would constitute a built-in distortion of truth.

Andrew J. Biemiller, director of the AFL-CIO Department of Legislation, makes a strong point in his letter for the removal of the \$10 or less finance charge exemption. Mr. Biemiller writes:

This would exempt practically all credit purchases of \$100 or less—and therefore nearly all the ordinary credit purchases of low-income families. A society matron who charged a \$500 gown would be told exactly what the credit costs were; an ordinary housewife who charged \$50 worth of clothes for her children would be kept in ignorance. This is worse than absurd; it is shocking.

The National Consumers League, which for 60 years has advocated the cause of consumers, is equally concerned with the passage of a strong consumer credit protection act. Sarah H. Newman, general secretary of the league in her letter urges that all credit extenders be given equal treatment and that the \$10 exemption be removed.

I am including all of the letters in my remarks, since I feel it is important that

every Member have access to as many facts surrounding this legislation as possible:

INDEPENDENT BANKERS ASSOCIATION  
OF AMERICA,  
Saulk Centre, Minn., January 25, 1968.

HON. WRIGHT PATMAN,  
House of Representatives,  
Washington, D.C.

DEAR REPRESENTATIVE PATMAN: As you consider H.R. 11601, the bill that aims at "Truth-in-Lending," we strongly urge that requirements for credit information apply uniformly and equally to all types of creditors.

Our association of 6,612 member banks in 40 states believes the public should be made fully aware of the actual interest rate being paid on any financial transaction. In a 1967 convention resolution, we endorsed the passage of interest rate disclosure legislation provided that it can be technically administered and applies to all who extend credit. This position was reaffirmed by our Federal Legislative Committee at its midwinter meeting.

We recognize that the House Banking and Currency Committee has reported H.R. 11601 favorably. But it disturbs us to learn that this legislation, as presently amended, would permit certain retail granters of revolving credit to state their charges on a monthly basis, whereas other creditors are required to state them on an annual basis.

The purpose of "Truth-in-Lending" is to have credit charges stated in such a way that the consumer may make an informed judgment on the cost of alternative sources of credit. It seems to us that a single standard for stating these charges is essential to achieving this purpose. A variation would constitute a built-in distortion of truth.

We earnestly and respectfully seek your support for equality in application of disclosure requirements.

Sincerely,

STANLEY R. BARBER,  
President.

INDUSTRIAL UNION DEPARTMENT,  
AFL-CIO,  
Washington, D.C., January 26, 1968.

DEAR CONGRESSMAN: On Tuesday, January 30, the House is expected to take up H.R. 11601, the proposed "Truth-in-Lending" bill. We believe this bill is of vital importance to every American, in whatever walk of life. It is vital especially, however, to the Nation's poor, whose pocketbooks are especially damaged by sharp sales and credit practices.

I hope you will make every effort to include in the final bill sections requiring full coverage of revolving credit funds, and including full protections against unconscionable garnishments. I also hope you will vote to eliminate the \$10 annual credit charge exemption and will vote to cover every credit transaction.

These amendments are key to the effectiveness of the bill in protecting the poor; without these amendments, loopholes in H.R. 11601 would virtually destroy it as a meaningful measure.

On behalf of the Industrial Union Department, AFL-CIO, I therefore urge your support for the revolving credit, \$10 exemption and garnishment amendments, and to then vote for final passage.

Sincerely yours,

JACK T. CONWAY,  
Executive Director.

AMERICAN FEDERATION OF LABOR  
AND CONGRESS OF INDUSTRIAL  
ORGANIZATIONS,  
Washington, D.C., January 25, 1968.

HON. WRIGHT PATMAN,  
U.S. House of Representatives,  
Washington, D.C.

DEAR CONGRESSMAN: Each member of the House of Representatives will shortly be called upon to decide the ultimate terms of the

Consumer Credit Protection Act (H.R. 11601), more commonly known as the "truth-in-lending" bill. This legislation is of very great concern to the AFL-CIO, which has been among its major advocates from the start.

However, in order to achieve the objectives of "truth-in-lending," the bill as reported by the House Banking and Currency Committee must be strengthened on at least two major points. Although the committee made a number of improvements in other sections of the original measure, it disastrously weakened the key provisions designed to give protection to those who need it most.

The exemption of ordinary revolving credit systems from the disclosure of annual interest rates would perpetuate the "1½% a month" illusion, with no requirement that it be translated into the true rate of 18% a year. There is no shred of justification for this. It sanctions the most widespread of all retail credit deceptions. This exemption cannot be allowed to stand if the purposes of the bill are to be attained.

Even more objectionable in a social sense is the exemption from disclosure of all transactions involving finance charges of \$10 or less. This would exempt practically all credit purchases of \$100 or less—and therefore nearly all the ordinary credit purchases of low-income families. A society matron who charged a \$500 gown would be told exactly what the credit costs were; an ordinary housewife who charged \$50 worth of clothes for her children would be kept in ignorance. This is worse than absurd; it is shocking.

We most vigorously urge you to support the appropriate amendments correcting these grave weaknesses in the committee bill. We also prefer the original bill's definition of a "finance charge," since the committee's version excludes "optional" charges which may not in fact be optional at all.

The Congress is at the point of establishing a long-needed safeguard for consumers. We ask you to make sure it is not a safeguard in name only.

Sincerely yours,

ANDREW J. BIEMILLER,  
Director, Department of Legislation.

NATIONAL CONSUMERS LEAGUE,  
Washington, D.C., January 26, 1968.

HON. WRIGHT PATMAN,  
House of Representatives,  
Washington, D.C.

DEAR MR. PATMAN: The National Consumers League, which has for over 60 years been trying to advance the cause of consumers, strongly urges that you vote for a strong Consumer Credit Protection Act when H.R. 11601 comes to the floor.

The League is particularly concerned that the bill not exempt revolving credit accounts and transactions on which credit charges are \$10 or less, from the requirement to disclose the annual rate. These two exemptions are included in the bill reported out by the Committee, but Mrs. Sullivan will be making an attempt to remove the exemptions. We strongly urge that you support her on these provisions.

We are confident that you recognize the need for full disclosure on credit transactions, and hope that you will do all in your power to see that all extenders of credit get equal treatment.

Sincerely yours,

SARAH H. NEWMAN,  
General Secretary.

#### THE HOUSE APPROPRIATIONS COMMITTEE—DEMOCRACY'S UNDEMOCRATIC PURSER

MR. JOELSON. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

MR. JOELSON. Mr. Speaker, when the current fiscal year comes to an end on June 30, 1968, the Congress will have appropriated approximately \$128 billion for the annual cost of our National Government. This total sum is the result of the passage of numerous appropriation bills originally recommended by the House Appropriations Committee. All appropriation measures traditionally are initiated in the House of Representatives rather than in the Senate due to the interpretation of the constitutional requirement that all revenue bills must originate in the House. Although there have been occasional stirrings against this by some Senators who argue that only tax bills should be considered as revenue measures, the right of the House to initiate spending as well as tax bills seems to be accepted and is most likely to continue.

Since all appropriation bills have their beginnings in the House, the importance of the House Appropriations Committee is great because it begins the "beginnings." Yet, despite its importance, or perhaps because of it, the Appropriations Committee operates under rules which are as archaic as they are undemocratic. No town council in America could long get away with the procedures which for years have governed the unit of the U.S. House of Representatives charged with the responsibility of spending the money of the people of a democratic nation. It is my purpose now to shed some light on these procedures.

In order to understand the functioning of the Appropriations Committee, it is essential to look at its organization and to examine the functioning of the subcommittee arrangements. The House Appropriations Committee is composed of 51 members, but is divided into 13 subcommittees, each of which has jurisdiction over a particular prescribed area of governmental activity. The smallest subcommittee has seven members and the largest has 11.

For reasons which will be explained later, the decisions of the subcommittees are rarely overruled by the full committee, the meetings of which are merely cursory rituals of ratification. Assignment to subcommittees is within the sole discretion of the committee chairman after consultation with the ranking minority members as to minority assignments. In this power of assignment by the chairman is embedded his ability to color all the deliberations of the committee and to shape its decisions in his own image and in conformity with his own political philosophy.

At this point, it should be made clear that the chairman of the House Committee on Appropriations is a thorough gentleman who is at all times courteous and personally kind to the members of the committee which he heads. However, it is inherent in the system itself that he can and does shape the committee and predestine its determinations. Thus, it is understandable that he has constituted himself as chairman of the Defense Subcommittee and has backstopped himself



on that subcommittee with members having a similar point of view. For instance, the next ranking member after the chairman is a Congressman who is a major general in the Army Reserves.

On the other hand, if the chairman believes that the funds for a particular program should be curtailed, he need merely assign to the subcommittee in charge a majority of House Members known to be unfriendly to that program. An example is to be found in the composition of the Subcommittee on Labor and Health, Education, and Welfare. It is this subcommittee which handles the embattled anti-poverty program, and at the beginning of the 90th Congress was left with only one Democratic member due to the defeat of two and the death of one other Democratic Representative. Two of the replacements were described accurately by the press as likely to provide the three Republican subcommittee members with a workable majority.

The chairmen of the various subcommittees pretty much run the shows of their panels. They are all very knowledgeable, although not always sympathetic, concerning the agencies and programs under their jurisdiction. They schedule the witnesses who are almost always Government employees rather than representatives of outside nongovernmental points of view. After each witness concludes his statement, it is customary for the subcommittee chairman to question him at length. When he is done not only is the subject usually exhausted, but also so are all participants. If other congressional subcommittee members do any questioning, it usually is very brief.

The chairmanship of a subcommittee is more prized on the Appropriations Committee than on any other standing committee of the House. Yet despite the venerated seniority system, the chairman of the full committee can, and has on at least one occasion, prevented a member from becoming a subcommittee chairman by the simple expedient of removing him from a particular subcommittee.

The subcommittees have great power because the full committee has no way of knowing their recommendations until the very moment of the meeting of the full committee for the purpose of acting upon such recommendations. Although subcommittees do issue reports of their recommendations and the underlying reasons upon which they are based, these reports are closely guarded secrets which are never revealed to other committee members in advance of the meetings of the full committee. This system makes full committee meetings perfunctory to the point of being farcical.

Full committee meetings to pass upon the recommendations of subcommittees seldom consume more time than a half hour, although they invariably involve approval of expenditures running into the billions of dollars. The meetings consist of a very brief statement by the subcommittee chairman and an even briefer one by the ranking minority members of the subcommittee. A participant in the meeting often experiences a feeling of frustration while trying frantically to rifle through or scan the subcommittee report and to listen to the

subcommittee chairman at the same time. The atmosphere hardly lends itself to real deliberation or questioning in depth. A feeling of fantasy assails a person who in a period of time no longer than an hour is expected to vote, for example, on a defense appropriation of \$62 billion. Although it may be a heady experience to be spending \$1 billion per minute, it is also a most discouraging one.

The problem could easily be solved by requiring that each member of the Appropriations Committee should have in his hands the subcommittee's report at least 48 hours in advance of the meeting called for the purpose of acting upon such report. This would allow interested members to collate the report with those portions of the voluminous transcripts of hearings with which they are concerned. Until such a reform is instituted, the full committee meetings must continue to be hasty excursions in the dark.

Incidentally, another area in which all but a few members of the full committee are deprived of any information whatever concerns expenditures for the Central Intelligence Agency. There is simply no total appropriation for the work of that Agency, and it must therefore be assumed that its funds are hidden or buried in other appropriations. Of course, it is obvious that the operations of the CIA must be cloaked in secrecy, but this does not mean that the people of the United States or their representatives should be forbidden to know the total sum spent by that Agency. Furthermore, a member who is a supporter of adequate funds for the CIA would be wary of attacking almost any item of appropriation for fear that it might be concealing funds for the CIA.

All hearings of all subcommittees are closed without exception to the press and public alike. Strangely enough, the press of the Nation has accepted this in a docile manner, although only very few of such hearings deal with matters involving national security and require secrecy in the national interest. The public is granted the right to examine transcripts of the hearings, but only after the subcommittee in charge has concluded its business for the year, and made its determinations.

It should be noted that neither the House nor Senate Appropriations Committees adopt a total budget. Rather, as each subcommittee completes its hearings for the fiscal year, its appropriation bill is brought to the floor. Thus, appropriations just are made one at a time and national expenditures grow like Topsy. It is true that each January, the President sends to the Congress a total Federal budget prepared by the Bureau of the Budget, but it is advisory only. The President proposes, but Congress disposes. Furthermore, it disposes on a piecemeal basis which means that never does the Appropriations Committee or the Congress itself decide in advance how percentages or portions of the pie will be divided. A system of priorities is not fixed in advance, and the relative share of each competing claim for Federal money is not known until after the appropriation process is completed.

In an age when planning is widely

thought to be desirable, there is no overall plan established for the congressional committee in charge of allocating funds for the widespread operations of our National Government. Likewise, in a nation which prides itself on being the brightest example of the democratic process, there is no real democracy in the body established within Congress for the spending of the people's money.

Rules and procedures of another century remain encrusted. This is the way we appropriate in Congress. The question before the House is: "Is this appropriate in 1968?"

#### OPERATION OF THE REFUGEE SECTION—SECTION 203(a) (7) OF THE IMMIGRATION AND NATIONALITY ACT

Mr. FEIGHAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. FEIGHAN. Mr. Speaker, the Immigration and Nationality Act, as amended, authorizes the conditional entry into the United States of 10,200 refugees annually who were uprooted from their homes by natural calamities or who, because of persecution or fear of persecution, or on account of race, religion, or political opinion, have fled from a Communist-dominated country, or from a country within the general area of the Middle East.

When the refugee provisions were considered by Subcommittee No. 1 of the Committee on the Judiciary, we recognized the reality that as long as totalitarian regimes exist the oppressed will turn to the United States as a country of asylum. In the last 6 months the number of refugees applying for asylum in the United States has appreciably increased from 2,854 during the period ending June 30, 1967, to 4,328 for the period ending December 31, 1967.

Under the provisions of this act the conditional entry of a refugee is the same as an entry under parole and provision is made for the adjustment of status of these refugees after they have been physically present in the United States for 2 years. Additionally, the law provides that one-half of the numbers authorized for refugees—5,100—may be used in lieu of conditional entry to adjust the status of refugees who have already been physically present in the United States for 2 years.

In order that the House may be fully informed of the operation of the refugee section—section 203(a) (7) of the Immigration and Nationality Act—I wish to insert in the Record a report submitted by Hon. Raymond F. Farrell, Commissioner of the Immigration and Naturalization Service, which sets forth refugee statistics for the 6-month period ending December 31, 1967:

HON. JOHN W. MCCORMACK,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: On June 30, 1967, there were pending 2,222 applications for conditional entry under Section 203(a) (7) of the

Immigration and Nationality Act, submitted by aliens in Austria, Belgium, France, Germany, Greece, Italy and Lebanon. During the six-month period ending December 31, 1967, an additional 4,328 applicants registered in these countries. During this period, 2,611 were approved for conditional entry, 653 were

rejected or otherwise closed, and there were 3,286 applications pending on December 31, 1967.

The following reflects the activity in each of the countries in which applicants were examined during the period between July 1, 1967 and December 31, 1967:

Country	Applications pending June 30, 1967	Registrations received during period	Total	Found qualified for conditional entry	Rejected or otherwise closed	Pending Dec. 31, 1967
Austria.....	579	564	1,143	470	162	511
Belgium.....	26	49	75	16	3	6
France.....	453	956	1,409	427	163	819
Germany.....	383	634	1,017	336	167	514
Greece.....	60	39	99	80	7	12
Italy.....	514	1,621	2,135	985	74	1,076
Lebanon.....	207	465	672	297	77	298
Total.....	2,222	4,328	6,550	2,611	653	3,286

Established screening procedures resulted in the rejections of 231 applications during the period, on the following grounds:

Ineligible.....	89
Security grounds.....	21
Criminal grounds.....	15
Medical grounds.....	5
Immorality.....	5
Undesirability.....	10
Firmly settled.....	29
Spouses and Children of above principals.....	57
Total.....	231

During the period from July 1, 1967 to December 31, 1967, 2,544 conditional entrants arrived in the United States (by country of visa chargeability, including accompanying spouses and children), as follows:

Albania.....	131
Austria.....	12
Belgium.....	2
Bulgaria.....	149
China.....	2
Czechoslovakia.....	172
France.....	20
Germany.....	19
Greece.....	5
Hungary.....	205
Iran.....	1
Iraq.....	2
Italy.....	18
Lebanon.....	23
Libya.....	12
Liechtenstein.....	3
Palestine.....	5
Poland.....	98
Rumania.....	153
Spain.....	1
Sudan.....	2
Syrian Arab Republic.....	42
Turkey.....	54
U.A.R. (Egypt).....	230
U.S.S.R.....	28
Yugoslavia.....	1,155
Total.....	2,544

During the six-month period ending December 31, 1967, 422 aliens in the United States were accorded permanent resident status pursuant to the proviso to Section 203(a) (7).

In compliance with Section 203(f) of the Act, detailed reports on aliens who conditionally entered the United States are attached.

Sincerely,

RAYMOND F. FARRELL,  
Commissioner.

#### CONGRESSMAN BENNETT INTRODUCES FOOD IMPORT PROTECTION BILL

Mr. BENNETT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BENNETT. Mr. Speaker, the 90th Congress is fast becoming the "Consumers Congress" because of important legislation enacted and proposed which is pointed to protecting the public against inferior and dangerous products.

I have been proud to support and sponsor legislation in this direction, and I believe there is a great national need for it. On the first day of the second session of the 90th Congress, I introduced the Wholesome Poultry and Fish Act.

This legislation, H.R. 14594, would allow the Federal Government to assist in efforts by States and other government agencies to protect the public from poultry and fish products that are unwholesome, adulterated, or misbranded. It would allow the Federal Government to step in if the State standards are not high enough or are not enforced. This bill is patterned after the Wholesome Meat Act passed last year.

There is also a great national need to protect the consuming public from imported foods that are not adequately inspected.

I am particularly concerned about imported fish products, because the public generally has an uncertainty about the quality of fish products. This is borne out by the fact that over the last 20 years, the per capita consumption of fishery products has remained fairly constant, while that of poultry and meat has increased substantially.

The United States imports fish and fishery products from over 100 different countries, and only half of our imports come from countries with some Government inspection.

We all know that fishery products are highly perishable and must be given proper care during handling and processing.

Today, Mr. Speaker, I am introducing a bill to require imported foodstuffs to meet domestic standards required by the Federal Government. This legislation will insure that food consumers buy which is produced and manufactured in other countries will live up to our standards at home. This bill, when enacted into law, along with my other food protection measure, the Wholesome Poultry and Fish Act, will insure safe foodstuffs for Americans.

#### TRUTH-IN-LENDING BILL

Mr. HANNA. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HANNA. Mr. Speaker, tomorrow this body will have an opportunity, after almost a decade of debate and delay, to consider the measure—H.R. 11601—the so-called truth-in-lending bill.

As I have observed the major point of discussion, it has disturbed me that there has been the implication that the so-called revolving credit, which covers about \$3.5 billion of the more than \$75 billion in credit now active in the United States, is not covered in the bill.

I just take this opportunity, Mr. Speaker, to ask all the Members of the House to please read the bill, particularly starting at page 12, line 24, and going through to page 16, line 18. All of that language speaks in terms of the requirements for disclosure of revolving credit, so the implications that revolving credit is not included in this bill are very misleading.

There is one point of disagreement, that is whether the one point for which this bill was kept in the Senate committee for 7 years, the question of whether a simple annual interest rate is the only way to inform the public about buying on credit. That is the principal point which the bill is hanging on, whether or not the consumer is going to have adequate information about credit transactions. I hope the House will understand it in that light, Mr. Speaker.

#### THE MARINES AT KHE SANH

Mr. RIVERS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. RIVERS. Mr. Speaker, there have been many conjectures on the fate of the Marines in the I Corps particularly at Khe Sanh, so I called two responsible marines before the full Committee on Armed Services last week.

Here is what I am prepared to say, based upon what they told me.

I can advise the House that the Marines at Khe Sanh are well prepared for any assault the enemy forces may make from any direction.

I can assure the House that there is no intention on the part of the Marines or General Westmoreland to evacuate, or to permit the enemy to overrun this position.

I can also tell you, Mr. Speaker, that the Commandant of the Marine Corps, who has just returned from Vietnam, is confident that the Marines are well prepared and in their traditional manner will withstand any assault which the enemy mounts. He has more than a passing interest. He happens to have a son out there as an officer.

Mr. Speaker, they have asked me to



tell you there will be no Dien Bien Phu at this location in Vietnam, and to have me assure you they are well able and capable of handling the situation.

I am very glad to advise the House, Mr. Speaker, I believe what they have told me.

#### THE FLORIDA FISHERMAN'S ASSOCIATION

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. GIBBONS. Mr. Speaker, I had the privilege on January 16 to participate in an event that demonstrates how private enterprise and Government can work together successfully to achieve a worthwhile goal.

Secretary of Agriculture Orville L. Freeman and other officials joined me at a meeting marking the decision by Giant Stores, a major Washington-based supermarket chain, to purchase 16 tons of fresh pompano fish caught in the Gulf of Mexico near Ruskin in Hillsborough County, Fla.

This decision was significant because it marked the first major chain purchase from the Florida Fisherman's Association, an organization which has brought important new marketing techniques to one of Florida gulf's ancient businesses.

The association is a cooperative with nearly 100 independent fishermen members, financed with a \$245,000 loan made by the Farmers Home Administration of the U.S. Department of Agriculture under authority delegated by the Office of Economic Opportunity.

The cooperative enables these fishermen to work together in marketing their catches. Previously, each fisherman had to find his own market and if catches were large, the market was flooded and prices were low.

Of the 74 original members of the cooperative, 65 were realizing incomes far below the poverty line of \$3,000 per year prior to granting of the loan last August. Although the cooperative has been functioning only since October, already 25 percent of the low-income members are meeting sufficient income to take them out of poverty. Projections show that members will average from \$4,500 to \$5,000 annually.

The cooperative now has 94 members and an additional 75 men earn a livelihood from the project by working on boats and sharing a percentage of the catch. About 20 percent of the members are Indians and Mexican-Americans.

The cooperative loan program is an important part of the War on Poverty in nonurban areas. Its aim is to help low-income rural residents band together to market their products more efficiently at less cost to themselves, and to purchase needed equipment and other resources.

The Florida Fisherman's Cooperative used one-third of the loan funds to purchase a large lot, a two-story waterfront fish house, and a building to be

used for offices. The fish house contains an ice storage room and large fish processing and refrigerated storage areas.

Remaining loan funds are being used as operating capital to purchase fish from individual members and to pay processing and marketing costs, including the wages of 10 co-op employees.

The co-op pays cash for each catch, processes it immediately, then sells it or stores it awaiting a higher market. Funds received from sale of the fish enable the co-op to make payments on the loan, pay operating expenses and set aside an emergency fund. Excess income will be distributed at the end of each year in the form of dividends to members.

The loan is being repaid over a 30-year period at an interest rate of 4½ percent.

Mr. Speaker, the Florida Fisherman's Cooperative has given its members a new lease on life. Until now, the industry was going downhill. The co-op is planning to develop a credit union, a boatbuilding co-op, and a program for training captains to man the fishing vessels. The Farmers Home Administration and the Office of Economic Opportunity are working closely with the fishermen on these plans.

Howard Bertsch, Farmers Home Administrator, informs me that his agency has granted economic opportunity cooperative loans totaling more than \$11.5 million to 1,020 nonprofit organizations since the program began in January 1965. More than 20 loans have been made to fishermen's cooperatives.

In addition to the cooperative loans, approximately 2,000 individual loans have been made to low-income families that make their living by fishing or harvesting clams, oysters, or lobsters. Leading States in the volume of individual fishing loans are Maine, Virginia, North Carolina, my own State of Florida, and Alaska.

Mr. Speaker, under unanimous consent I incorporate a pertinent Washington Post news story at the conclusion of my remarks.

Giant Food has shown excellent judgment in purchasing this tasty and nutritious Florida gulf fish. And the Department of Agriculture, through its Farmers Home Administration, and the Office of Economic Opportunity can be proud of their work in helping to provide a brighter future for the hard-working fishermen of Hillsborough County.

The news story follows:

THE FLYING FISH ARE COMING—CO-OP HELPS

FLORIDA'S POOR

(By Phil Casey)

We'll sport and be free with

Moll, Betty and Dolly,

Have oysters and lobsters

To cure melancholy:

Fish dinners will make a lass

spring like a flea,

Dame Venus, love's lady,

Was born of the sea."

—THOMAS JORDAN, 1612-85.

And come Monday, 17,000 pounds by pompano, a fish hailed by many as the elite of the fish world, will come flying into Washington.

And we must all remember, said Wayne Mead, president of the Florida Fishermen's Association, that such fish is "not only nutritious, low-calored and non-fattening, but runs high in virility, also."

There was no mad dash on the speaker's table when Mead announced this, but at

least one man placed an order; for home delivery.

The imminence of pompano, a very classy fish which has been hard to get fresh until now, was announced at a banquet held by Giant Food, Inc., in the cafeteria at the firm's Landover, Md., headquarters.

Secretary of Agriculture Orville L. Freeman, who was there along with other Government officials, said it was "the largest direct sale of pompano" in the history of pompano.

What the banquet and press conference were all about was the announcement that the Government—through the Office of Economic Opportunity, the Agriculture Department, the Fish and Wildlife Service and the Farmers Home Administration—has established a cooperative to help poor fishermen who have been unable to market their catches profitably.

The cooperative, established with a \$245,000, 30-year loan authorized by OEO and administered by Agriculture Department's Farmers Home Administration, got started last October. The majority of the 92 members were earning well below the poverty level of \$3000 a year. At the rates of income already achieved, members should average close to \$5000 a year, officials said. The co-op is in Ruskin, Fla., on the Gulf Coast, near Tampa.

These formerly independent small-boat fishermen now are assured of a coordinated processing and marketing facility. The co-op pays cash for each catch, processes the fish and sells it or stores it for a better market. Any co-op income left after the expenses of loan payment and operation will go to members as dividends.

Until now, these small-boat owners worked separately and competitively, catching fish and then trying to sell it. If catches were large, as they often are, the market was glutted and prices low.

Never before, said Giant and Federal officials, has there been such a huge sale of pompano to one buyer. National Airlines will fly the pompano in Monday—3½ tons of it.

#### INVISIBLE BARRIERS LIMIT OUR EXPORTS

Mr. DORN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, in the program to reduce the overseas flow of our dollars, we have failed to place the proper emphasis on the role imports are playing in our growing balance-of-payments problem.

It may be possible to slow down the overseas flow of dollars by curtailing travel to foreign countries and stopping overseas investment, but a more direct and effective way to improve our balance of payments would be to place reasonable restraints on some of our burgeoning imports. This should be done particularly in the case of textile imports where there is such a tremendous gap between the amount of textiles we import and what we export.

Last year, the United States imported \$1,454 million worth of textile articles, and we exported a mere \$685 million. This left a deficit of \$769 million; about one-fourth of our entire balance-of-payments deficit.

The President has urged manufactur-

ers to try to export more in order to narrow our trade gap. But there is little hope this can be accomplished in the case of textiles. Every time an American manufacturer tries to expand his overseas sales, he runs into a maze of discriminatory taxes, licensing agreements, currency regulations and special subsidies which stagger the imagination. These nontariff barriers have made it virtually impossible for American textiles to compete, except in certain special cases, for the overseas market.

Yet, every time we talk about regulating imports of textiles into this country, we hear the loudest cries from the very nations which lock our products out with nontariff barriers.

In the January 22 issue of U.S. News & World Report, there was a most informative article which points out some of the devices and schemes foreign countries are using to protect their markets from import competition. I urge all of my colleagues in the Congress to carefully study this article as it points out the problems we face when we try to expand exports.

I submit that a much more effective and direct way to improve our balance of payments would be to place reasonable limitations on textile imports through passage of the textile import bill which almost 200 of my colleagues have introduced.

I commend to the attention of Congress and the people of our great Nation the following article from the U.S. News & World Report:

#### BUILDUP FOR A TRADE WAR: SIGNS IN THE UNITED STATES AND ABROAD

Invisible barriers keep going up, worldwide, to limit the flow of U.S. goods abroad. And U.S. is planning a few of its own to try to even out the competition with foreigners. Tariffs aren't the only weapons in the arsenals of trade war.

Fear is growing that the world is heading into a new trade war.

French officials are talking of possible "retaliation" against President Johnson's moves to protect the dollar. President Charles de Gaulle's chief spokesman on January 10 called for international discussions on the U.S. plans.

Increasing numbers of American businessmen are asking Congress to put added controls on imports. Japan and West Europe are the main targets.

Europeans are making more and more use of taxes and other nontariff devices to keep U.S. goods out of their markets.

Devaluation of the pound is cutting prices of British goods and making competitors nervous in Western Europe.

Economic nationalism is getting more attention worldwide.

#### TRADE TAX?

Now the U.S. Government is getting ready to strike back. President Johnson's aides let it be known he is likely to ask Congress to give a small tax rebate on exports and levy an equivalent tax on imports.

The rebate would be "under 5 per cent." Theoretically, it would act to offset a number of State and local taxes that enter into an American manufacturer's costs. U.S. companies would then be able to reduce prices abroad.

Actually the plan is designed as a counter-attack against similar taxes of 10 per cent and above used by Germany, France and a number of other countries. These levies raise prices of U.S. goods so high they often are unable to compete against local products.

At any rate, the American goal is to increase the amount of money the U.S. earns from sales of goods abroad, reduce the U.S. balance-of-payments deficit and help stave off collapse of the dollar.

The trouble is that few believe Europe and Japan will stand still for such a competitive maneuver by the U.S.

In London, one Minister in the British Cabinet pointed up this danger. He said that his country was "disturbed" over the U.S. tax plan. And he hinted at counteraction.

More retaliation could follow, globally. Higher tariffs, new restrictions might be imposed on imports from the U.S. Fewer sales would be likely for all countries. A trade war would be on.

All this seems ironic. First cuts have just been made January 1 under an international agreement to reduce duties on most industrial products by about 35 per cent in four years' time. Is a trade war to follow within weeks?

The answer from many American businessmen is that the war already has been under way for a number of years. And the U.S. is losing.

As a result, an important segment of business leaders is calling for quotas or other measures to limit the amount of foreign goods now flooding into the U.S. The leaders include producers of steel, glass, textiles, meat, dairy products, electronic components and shoes.

What's the problem, as these men see it? A major trouble concerns "nontariff barriers."

#### RELIANCE ON TARIFFS

Robert G. Wingerter, president of the Libbey-Owens-Ford Glass Company, explains it this way:

"The U.S. places principal reliance on tariffs to control the flow of imports. Other countries rely on embargoes, quotas, import licenses, border taxes and exchange restrictions, as well as tariffs, to control imports."

"It is remotely possible for an unusually efficient U.S. producer to pay even a high foreign duty and still compete. It is not possible to sell any goods whatsoever in a country which refuses to issue an import license."

Mexico, for example, must issue a license before window glass can be imported, says Mr. Wingerter. Who studies the license application? A group that includes representatives of a Mexican firm that makes window glass.

There are all kinds of nontariff barriers. Switzerland, for instance, charges textile importers the difference between the price of the foreign goods and the price of competing Swiss cloth.

Japan sets import quotas on about 120 commodities including chewing gum, whisky and leather. A quota on imports of spare parts for cars effectively blocks establishment of auto-assembly plants in Japan by U.S. companies.

#### FIGHTING REDS WITH APPLES

Venezuela curbs imports of apples and pears on the ground of national security: Imports would menace the Venezuelan fruit industry and provide a fertile field for Communist revolutionaries, it's argued.

Britain limits the amount of time its TV stations can devote to foreign shows, thus shriveling another U.S. market.

Health and safety rules—legitimate and otherwise—restrict imports in many lands. Right now American diplomats are trying to get West Germany to ease up on new regulations that put extremely low limits on the amount of pesticide that may be left on imported fruit.

An executive of the European subsidiary of an American auto company notes skeptically that Japan set width requirements that put a crimp in the sales of his firm's car. Foreign auto manufacturers consider car-safety regulations in the U.S. to be a nontariff barrier.

U.S. cars are a special target. In France, owners of most American-made cars must pay an annual road tax of about \$200. Smaller European cars draw a levy of about \$20. Now that French cars are getting bigger, though, there is talk in Paris of easing off on the higher tax rates.

In agriculture, the European Common Market can keep out nearly any product it doesn't want by imposing at will levies that are not called tariffs.

U.S. poultrymen who developed a market for broilers in Europe have been practically knocked out of the market by such levies. Protection is so tight in the Common Market countries that a surplus of home-grown chickens has developed. Exports are being subsidized at prices so low American poultry is losing out in Switzerland and Greece too.

Manufacturers of machinery and electrical equipment object to the procurement policies of governments abroad. Americans rarely if ever get a chance to bid on equipment for a publicly owned plant or utility in Western Europe and Japan, say these executives. Most of the time there is no public bidding. The job always goes to local firms.

In the U.S. Government's "Buy America" provisions require only that a foreign company underbid domestic firms by a certain percentage to get a contract. Bidding is open to all.

#### BORDER TAX BARRIER

Bothering U.S. exporters and the Johnson Administration most are European border taxes. They work this way:

Germany, for instance, charges a form of national sales levy. This 10 per cent tax is rebated when goods are exported. But imports from abroad must pay an equivalent border tax.

Income taxes cannot be rebated under the rules, though. That hurts U.S. companies that pay the major part of their taxes through levies on profits.

The chief executive of one U.S. corporation estimates these taxes raise the price of his firm's goods as much as 40 per cent over their U.S. level.

Fred Borch, president of General Electric Company, says that border taxes are becoming more and more of a concern to his company because they force GE to invest in plants abroad in order to get a share of markets.

The American Iron and Steel Institute, trade association of the U.S. steel industry, calculates \$100 worth of a widely used type of U.S. steel must pay an extra \$42 to enter France. Most of this charge is the border tax. French-made steel of the same value pays only \$9.91 to enter the U.S.

These figures "and the positively ingenious nature of foreign nontariff barriers . . . make a mockery of the charge that we are the protectionists," said William J. Stephens, president of Jones & Laughlin Steel Corp., recently.

#### DUMPING TOO?

Add to these complaints those that Europeans and Japanese "dump" certain goods in the U.S. at below cost, and you get the makings of big trouble in trade.

It is charged that governments abroad encourage foreign producers of many products to run their factories full blast regardless of domestic demand. Surpluses are said to be "dumped" in the big U.S. market.

Edward N. Cole, president of General Motors, suggested recently in the New York Times that he suspects foreign car makers may "dump" autos in the U.S. Auto imports hit a record high in 1967.

Textile men complain of low wages in Asia. Joel Gordon, president of Revere Knitting Mills, Inc., Wakefield, Mass., told the U.S. Tariff Commission that a worker in a Hong Kong factory making knitted clothing averaged about \$50 a month for 70 hours of work a week. In New England, a worker at a similar task received \$2.50 an hour plus "fringes."

Steel and textile executives say that bar-



riers block many Asian textiles and Japanese steel from entering European markets, so the products flood into the U.S. Quotas are being asked on imports for this reason.

OPPOSED: L. B. J.

Not everyone agrees with those pressing for protection. President Johnson has threatened to veto any bill setting quotas.

And leaders of some big corporations have formed the Emergency Committee for American Trade to fight protectionist moves.

It is pointed out that the U.S., too, maintains certain nontariff barriers.

One member of this new committee, George S. Moore, chairman of New York's First National City Bank, has warned of retaliation against protectionist steps by the U.S. He said the European Common Market "is in a position to act rather rapidly. . . I don't question that they would."

Clearly, a trade battle is under way. It seems likely to get hotter before it subsides.

#### U.S.S. "PUEBLO"

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. WHITENER. Mr. Speaker, the action of the North Korean Communist Government on Tuesday of last week is a great shock to all Americans. The act of piracy committed by them in taking the U.S.S. *Pueblo* and the members of her crew is indefensible from any point of view and should not be tolerated by our Nation.

While in North Carolina over the past weekend numerous citizens discussed this affair with me. Without exception each of them stated that the United States should see to it that the U.S.S. *Pueblo* and her crew are returned to us without delay. These citizens are primarily concerned with the safety of our men in uniform who were taken captive by the North Korean forces and express the hope that every possible step will be taken to assure their safe return to their families and homeland.

The approach through diplomatic circles and the employment of diplomatic means to accomplish the result which we all desire is the first proper step for our Government to take. I commend the President and Secretary of State Dean Rusk for their leadership in this crisis. If, however, their diplomatic steps do not bring the restoration of the U.S.S. *Pueblo* and her crew to American hands, it is my feeling that positive military steps will then be necessary. If this be necessary because of the obstinacy of the Communist brigands of North Korea, I have every confidence that the American people will stand behind our Government in taking such steps as are necessary in this situation.

PRESENTATION BY BRIG. GEN. JAMES F. HOLLINGSWORTH AT MEETING OF SOUTHWEST MISSOURI YOUTH ADVISORY COUNCIL

Mr. HALL. Mr. Speaker, I ask unanimous consent to address the House for

1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, this past Saturday, a meeting of the Southwest Missouri Youth Advisory Council was held on the beautiful campus of Southwest Baptist College of Bolivar, Mo. I only wish that millions of American youth could have had the opportunity to participate in the discussion that was held on Vietnam. A large measure of the success, other than the perception and intense interest of the high school seniors who attended, was due to the magnificent presentation of Brig. Gen. James F. Hollingsworth, U.S. Army, who accompanied me to the meeting. General Hollingsworth recently returned from Vietnam where he served as assistant division commander of the 1st Infantry Division, "The Big Red One." He is now assigned to Aberdeen Proving Ground. I know that every student who attended was impressed with the patriotism, devotion, leadership, and knowledge demonstrated by this man, who is one of the most decorated soldiers of the Army. He added understanding and compassion to a solid presentation of the nature and scope of the war in Vietnam. Indeed, he most effectively added to the ideals, philosophy, and traditions of our Nation. It was inspiring to see.

I am especially indebted to the Department of the Army and its congressional liaison unit for making him available to participate in the Youth Advisory Council meeting which I am sure ranks as one of the best, if not the best, in the history of the council.

#### COMMUNISM IS STILL AMERICA'S MORTAL ENEMY

Mr. WYMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. WYMAN. Mr. Speaker, I am alarmed by a dangerous position shown in the recent statements of some Members of Congress that anticommunism is an outmoded vogue and that the United States is not and should not be anti-Communist as a matter of national policy. This is loose talk from anyone to whom has been entrusted any kind of a role in the Government of the United States. It is contrary to fact and erosive of the national will to live in freedom on which American survival depends.

Communism and Communists are busily engaged at this very hour in killing Americans in Vietnam. The Soviet Union is spending billions supplying bullets, guns, Sam's, Mig's, and all the rest to North Vietnam. Red China makes no secret of its nuclear buildup outside the Test Ban Treaty, and tiny North Korea has just violated every precept of international law and captured by piracy an American naval vessel and its crew on

the high seas. To trade or deal without punishing this act of war is craven.

As I said last Thursday on this floor—and I repeat today—communism is at war with us. Pleading to North Koreans is ridiculous. They hate us. They hate our system. They would like to see us all dead. They believe this with a deep and fanatical fervor.

The same is true for Soviet Communists, or Chinese Communists, or Cuban Communists, or any Communist.

You do not get anywhere facing Communist aggression through diplomatic channels except to expose this Nation to one propaganda loss after another, one insult after another.

I would not presume to imply that persons in public life urging accommodation or appeasement of communism do so from intentional catering to a substantial segment of American public opinion disaffected with the Vietnam war. Their reasons are their own. However, I am appalled when no less a public figure than the majority leader of the other party in the other body publicly suggests that we admit to a lie or falsely affirm that we were wrong in respect to the *Pueblo* in order to get the crew back from North Korea. Two wrongs do not make a right and a false admission before the world that the United States is either an aggressor or a spy trespassing in North Korean waters would do irreparable damage to the American position before the world and the United Nations. Telling public lies as U.S. policy would broaden the present credibility gap of the present administration to international dimensions.

On the home front, those who seek to maintain a reasonable balance in the domestic security against Communist subversion have been dismayed by a similar attitude toward communism repeatedly displayed on the part of certain members of the U.S. Supreme Court. Nowhere is this more vivid than in decisions refusing to allow participants in the defense manufacturing establishment to ask prospective employees whether they are or ever were members of the Communist Party on the astonishing basis that their Communist association is a matter of political belief, protected by the first amendment—as the court interprets the first amendment—from compulsory disclosure.

Pooh-poohing the existence of the Communist objective to destroy America will not make it go away, even if the ridicule is expressed by persons in very high public office. Those who would truly serve America should help us to protect ourselves against communism rather than by weakening the resolve of this Nation, to remain free. The public positions and record of those who do divide and weaken America should be fully known by the people before they go to the polls next fall so they can know fairly what alternatives are involved in the candidacies before them. This is all important in the matter of the Presidency of the United States for the next 4 years.

God save the United States of America from itself if we ever elect a President who mistakenly believes that communism no longer seeks the destruction of this Nation.

## ADJUDICATE—OR ELSE

Mr. FINDLEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. FINDLEY. Mr. Speaker, at this late hour, an honorable and promising course of action still remains for dealing with the *Pueblo* affair. It is, I believe, an appeal to reason which might well win cooperation from the Government of North Korea and thus prevent military conflict.

It would take the form of a simple but clear ultimatum to that government on these terms: adjudicate—or else.

I have written today to President Johnson outlining the proposal.

Under it, our Government would withhold military action and would agree to adjudication of all aspects of the dispute if the Government of North Korea within 72 hours releases to United Nations representatives the U.S.S. *Pueblo* crew and the vessel itself.

Adjudication would occur before the International Court of Justice at the Hague, the judicial branch of the United Nations.

If the offer is not accepted, the United States would review its policies of restraint and take appropriate military measures to effect recovery. In such event, our Government would ask U Thant, Secretary General of the United Nations to designate citizens from neutral nations to accompany the military expedition in order to observe any and all aspects of the military operations. This would provide useful testimony in the event that North Korea should subsequently agree to adjudication.

This proposal combines effectively both the carrot and the stick. It assures the Government of North Korea every consideration and protection which a nation could reasonably expect. This would be accomplished by settlement of the dispute through the rule of law by due process in the world's highest tribunal.

As such, it gives the North Korean Government a face-saving way to release the crew and ship. The Government could explain the release by saying, "after all, all we wanted was due process of law."

From the standpoint of the U.S. Government, it provides a way to avoid further embarrassment caused by North Korean custody of our men and vessel, puts us plainly on the side of law—not force—as the means of settling the dispute, and still retains for us the option of military action if the other party does not accept adjudication.

Last Thursday, I introduced House Concurrent Resolution 619, expressing the sense of Congress that the President has the right and obligation under his powers as Commander in Chief "to take appropriate measures for the safe recovery without delay of the crew of the U.S.S. *Pueblo* and the vessel itself."

The capture of the U.S.S. *Pueblo* in international waters by units of the

North Korean Navy and Air Force, in a time of peace, is both a test and challenge to the United States. The consequences of the Korean decision are so great that North Korean authorities would not have acted without careful thought and purpose.

This piracy of the high seas is similar to efforts of the East Germans and Soviets to close the autobahn to Berlin in the late 1950's and early 1960's. At that time the United States realized that to surrender any rights in Berlin—guaranteed as they are by international law—was to invite continued Soviet harassment and eventually the defeat of our position there.

Accordingly it is important for the United States to demonstrate by appropriate measures that we insist upon the safe return of the crew and the ship. For us to pass this development off as simply another irritating incident in the cold war will invite continued defiance and repeated incidents, each possibly growing in intensity, in flagrant violation of international law.

It is imperative that the Congress stand united with the President to support appropriate measures for the return of our men and ship. For the Congress to fail to express its sense on this point might leave the impression to friends and foe alike that we are willing to suffer continued indignities and violations of the law of the seas.

The country obviously is divided and concerned over policies in the land war in Vietnam, and discussion of these policies—which I think is proper and very much in the public interest—must not be permitted to leave the erroneous impression of disunity in regard to the *Pueblo* affair.

## GEN. DOUGLAS MACARTHUR

Mr. COLLIER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COLLIER. Mr. Speaker, Friday was the 88th anniversary of the birth of Douglas MacArthur, one of the truly great men of our day, a man whose name will be coupled with those of Washington and Lincoln when the history of the 20th century is written.

We are all familiar with the record of General MacArthur, who served his Nation with courage and distinction during World War I, World War II, and the Korean war, as well as during the intervals of peace. Many of the Members of this body were present in this historic Chamber on April 19, 1951, when he delivered his memorable address before a joint session of Congress.

Douglas MacArthur is one of the few men who have received the thanks of Congress.

Mr. Speaker, I have introduced House Joint Resolution 1010, which would authorize the issue of a special postage stamp to commemorate General MacArthur and his achievements. I invite my

colleagues to join me by sponsoring similar joint resolutions.

Winston Churchill died January 24, 1965. On May 13, 1965, less than 4 months later, a stamp was issued by the U.S. Post Office to honor Mr. Churchill, a British subject. Certainly he was a great man, but much of his greatness was due to the help that he and his nation received from the United States during the darkest hours that his country ever faced. If we can honor a great Englishman with a stamp, why cannot we do as much to help perpetuate the memory of a great American?

Adlai Stevenson died July 14, 1965. On October 23, 1965, a little over 3 months later, a stamp was issued to honor Governor Stevenson. I am pleased that a former Governor of my State has been honored with a stamp, but why cannot we do as much to honor Douglas MacArthur?

General MacArthur died April 5, 1964. Among those who have been portrayed on our postage stamps during the years 1965 to 1968 or who will be so honored before the end of 1968 are: George Washington, Thomas Jefferson, Andrew Jackson, Abraham Lincoln, Herbert Hoover, Franklin D. Roosevelt, and John F. Kennedy, Presidents of the United States, Robert Fulton, Albert Einstein, Frank L. Wright, John B. Moore, Albert Gallatin, Frederick Douglass, Henry D. Thoreau, "Davy" Crockett, Francis Parkman, John Dewey, Oliver W. Holmes, George C. Marshall, Eugene O'Neill, Thomas Paine, Lucy Stone, and Dante Alighieri. The last named was not an American, but a famous Italian.

If the U.S. Post Office can issue stamps to commemorate so many different individuals of various degrees of greatness and prominence, surely it can issue one to honor Gen. Douglas MacArthur.

## DISPARITY IN FEDERAL CUTBACKS

Mr. MACGREGOR. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. MACGREGOR. Mr. Speaker, nationally syndicated columnists Rowland Evans and Robert Novak state in their column in this morning's Washington Post that the President's budget calls for a 60-percent increase in public funds for the civil supersonic transport aircraft. It is not noted in that column, but it ought to be noted here, that the President has ordered a cutback of 10 percent in funds for the support of education. It also ought to be noted that in today's budget the President has cut back by 300 percent his earlier call for Federal funds to support State and local law enforcement and criminal justice agencies during the course of the coming year. Yes, President Johnson's crime message in February of 1966 and his Attorney General somewhat later last year in testimony before our Committee on the Judiciary, indicated that the Presi-



dent would ask for \$300 million in the upcoming budget to finance law enforcement and criminal justice assistance. Instead of that he now asks for \$100 million.

Mr. Speaker, what kind of priorities are these? A 10-percent cutback in support for education and a 300-percent slash in funds for local law enforcement and criminal justice operations coupled with a 60-percent increase in public spending for the civil supersonic transport makes no sense.

I hope that our distinguished Committee on Appropriations will rearrange these misguided priorities.

The full text of the Evans-Novak column is as follows:

L. B. J. BUSINESS-AS-USUAL BUDGET PROVIDES A 60-PERCENT SST INCREASE

(By Rowland Evans and Robert Novak)

At a moment when Communists are launching a new offensive in Vietnam and provoking a second-front crisis in Korea, President Johnson's new budget calls for a whopping 60 per cent increase in appropriations for the supersonic transport (SST).

When Mr. Johnson's budget for the next fiscal year is revealed at noon today, the SST millions will quickly blot out of congressional minds the Administration's real efforts to hold down domestic spending. Such an increase for a civilian aircraft only buttresses the charge that this is a business-as-usual budget submitted by a business-as-usual President.

Indeed, the President's unwillingness to put Washington on a wartime footing is harshly underlined by the background of the SST financing program.

A year ago, the President asked an appropriation of \$198 million for the SST, the 1800-mile-per-hour last word in transatlantic travel whose development is being subsidized by Uncle Sam. Congress actually appropriated \$142.4 million, a generous figure in a penny-pinching Congress (though considerable sentiment was building on Capitol Hill to eliminate the appropriation for the duration of the war emergency).

As we reported in previous columns, there is a strong argument that the SST should be financed out of private corporate funds rather than the U.S. Treasury. The necessity for Federal subsidy is further undermined by the current technical problems faced by the Concorde, the Anglo-French rival.

But even some Government officials who fully approved the Federally financed SST felt some cutback was dictated by this year's supposedly tight budget—a cutback widely expected on Capitol Hill.

They will now be disappointed. The Federal Aviation Agency and its parent, the Department of Transportation, actually recommended a higher appropriation. Surprisingly, this was fully supported by the Budget Bureau and by Mr. Johnson himself (an SST fan dating back to his vice presidential days) in confidential budget deliberations at the LBJ ranch early this month.

The result is that the budget unveiled to the public today will call for a new appropriation of somewhere between \$220 million and \$230 million, an SST-sized increase of \$80 million or so beyond what Congress appropriated last year.

This is proof positive that the mood of urgency in Washington is not strong enough to resist the lobbying power of the aviation industry and, even more important, the political muscle of Sen. Warren Magnuson of Washington.

The Boeing Co., which stands to gain Federally-induced windfall profits without risking any of its own capital as a designer of

the superjet, is a gargantuan force in the political and economic world of Magnuson's home State. Facing a determined Republican bid to unseat him in 1968, Magnuson made it clear to the White House he wanted a hefty appropriation for his pet project this year.

He had more than a few favors coming. Without Magnuson serving as blocking back in the Senate Appropriations Committee, the President never would have won final approval of his model cities plan.

The very fact that Great Society projects like model cities retain a high priority in time of shooting war reflects the President's attempted—but unattainable—balancing act. Mr. Johnson has set himself the impossible goal of being a war President and a reform President at the same time. While seeking to contain Asian communism in Vietnam, he also seeks to make history with his domestic programs.

Even pro-LJB members of the House Ways and Means Committee were disappointed last week when the President's leading economic lieutenants refused to sell the tax increase as a war tax needed for the boys in Vietnam. This strategy comes straight from the White House, which has strenuously avoided moving to a wartime atmosphere even in its rhetoric.

If diplomatic measures in Korea fail and another war front develops there, the President will have no choice. He will have to go that extra step and jettison major parts of his business-as-usual budget. Then that fat new SST appropriation (for a project some always regarded as dubious) almost surely would be the first to go.

#### DISPARITY IN FEDERAL CUTBACKS

Mr. ADAMS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. ADAMS. Mr. Speaker, I have listened with interest to the comment of the last speaker regarding the civil supersonic transport, and I might point out that if we are going in the next few years to have the economic health in this country necessary to pay for these programs, we must continue with our economic programs that will bring prosperity in the 1970's and the 1980's.

I would like to specifically mention the law enforcement program and in particular point out that the gentleman and I debated this program on the floor when the bill was before the House. That bill is still languishing because of some of the amendments voted by the House directed that this matter be handled through the States rather than go through the local law enforcement agencies. The problem pointed out in the House debate has become apparent through debate in the Senate that the States do not have the facilities at the present time to handle the movement of law enforcement funds from the Federal Government to their States.

So I hope that the gentleman, particularly with regard to our law-enforcement problem, will withdraw his objections to this being done through the States area and that we can achieve an immediate compromise and pass the President's bill to improve our law enforcement at the local level, then perhaps we can see it come back from the

Senate and then pass it through the House. The SST is not involved in this problem.

#### THE PRESIDENT'S BUDGET MESSAGE

Mrs. BOGGS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. BOGGS. Mr. Speaker, the President's budget message will be read in a few minutes.

I would say that this is one of the most important messages that we will have this year. Those of us who serve on the Committee on Ways and Means have had the opportunity to examine these recommendations in some detail, when the Secretary of the Treasury, the Director of the Bureau of the Budget, the Chairman of the Council of Economic Advisers, and the Chairman of the Federal Reserve Board appeared before the Committee on Ways and Means last week.

Mr. Speaker, in my judgment this represents a well-considered budget, one, of course, which will be subject to careful examination by the appropriate subcommittees of the Committee on Appropriations. Nevertheless, I think it should be pointed out that this budget requests less in new spending than any budget which has been submitted to the Congress in the last 3 or 4 years. The increase of about \$10 billion is limited almost entirely to items made necessary by recent actions taken by Congress such as the new veterans benefits, the additional benefits under medicare, and the other social security provisions, as well as the pay increase for the military and civilians working in the Government, interest on the national debt, and so on.

Mr. Speaker, I know that Congress will examine this budget carefully. I will say that if we pass the entire budget, including all of the military aspects of it, the National Government will still be requiring less of the gross national product than we required, let us say, in World War II, when the total ran from 40 to 50 percent of the gross national product, and then less the percentage we took at the time of our main commitment in Korea, when it ran up to 25 percent.

Nevertheless, Mr. Speaker, in my judgment this budget points up the need for a tax increase as recommended by the President. I would hope that we will soon consider the proposed surtax now pending before the Committee on Ways and Means. It is my opinion that a tax increase is needed in order to maintain the stability of our economy and to support our forces in Vietnam.

I would point out that the recommended 10-percent surcharge represents less than one-half of the tax reductions that we have voted in the last 5 years, and substantially less, by any measurement, than the tax increase voted at the time of the commencement of the war in Korea and at the time of World War II.

I would certainly concur that tax in-

creases seldom win high points for popularity. On the other hand, the role of this House should never be confined to doing only what is popular. We have a compelling obligation to take those actions which are responsible and essential to the Nation's well-being—despite what may seem to be their unpopularity.

There is no doubt that raising taxes in an election year will be difficult. It will require political courage of the highest degree. At the same time, there is no doubt in my mind that the Nation's economic health requires a tax increase—and soon. However, let us put the entire tax question in proper perspective. We should keep in mind that the recommended increase will be: relatively small; only temporary in nature; and applied fully to reducing the deficit, not increasing other spending.

The proposed tax increase is often misunderstood. It is not an increase of 10 percent as measured against our income; it is a 10-percent-of-tax liability. This comes to an average additional tax of only 1 penny on every dollar of income, not a dime on every dollar as some would have us believe. This is a small price to pay, considering the benefits which it could provide in the form of price stability, easing the monetary bind for housing expansion, and restoring some semblance of balance in our international payments. Moreover, failure to enact the tax increase will undoubtedly cost us more than the 1 penny on the dollar requested—without bringing in any of the benefits.

Second, the surcharge will only remain in effect as long as our special efforts in Vietnam require it. The tax can, and should, be removed promptly as soon as possible.

Finally, we can be assured that all of the increase will be applied to reducing the deficit. The normal increase in revenues associated with economic growth—some \$11½ billion in 1969—will more than cover the \$10.4 billion increase expected in Federal outlays over 1968. Thus, all of the additional revenues from the surcharge and other tax measures can be used to reduce our national deficit for fiscal year 1969. Without the increase, the deficit would exceed \$20 billion—a result which could seriously undermine our economic strength.

In conclusion, we must act, and act now, to restore the economy to a path of noninflationary economic growth.

#### REQUESTED INCREASE IN FUNDS FOR THE SUPERSONIC AIRCRAFT DEVELOPMENT PROGRAM

Mr. JONAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection?

Mr. JONAS. Mr. Speaker, in view of the comments made by the gentleman from Minnesota [Mr. MacGREGOR] I would like to call attention to the fact that funds for the supersonic aircraft development program are increased in

this budget, as well as new obligational authority, by \$80,625,000 over last year. The SST spending program for 1969 is \$251 million above the spending program for this program last year.

#### THE BUDGET, 1969—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 225)

The SPEAKER laid before the House the following message from the President of the United States which was read:

#### To the Congress of the United States:

The budget I send you today reflects a series of difficult choices. They are choices we cannot avoid. How we make the choices will affect our future as a strong, responsible, and compassionate people.

We now possess the strongest military capability that any nation has ever had. Domestically, we have enjoyed an unparalleled period of economic advance. Nevertheless, we are confronted by a number of problems which demand our energies and determination.

Abroad we face the challenge of an obstinate foe, who is testing our resolve and the worth of our commitment. While we maintain our unrelenting search for a just and reasonable peace, we must also continue a determined defense against aggression. This budget provides the funds needed for that defense, and for the maintenance and improvement of our total defense forces. The costs of that defense—even after a thorough review and screening—remain very large.

At home we face equally stubborn foes—poverty, slums and substandard housing, urban blight, polluted air and water, excessively high infant mortality, rising crime rates, and inferior education for too many of our citizens. In recent years, we have come to recognize that these are conquerable ills. We have used our ingenuity to develop means to attack them, and have devoted increasing resources to that effort. We would be derelict in our responsibilities as a great nation if we shrank from pressing forward toward solutions to these problems.

But faced with a costly war abroad and urgent requirements at home, we have had to set priorities. And "priority" is but another word for "choice." We cannot do everything we would wish to do. And so we must choose carefully among the many competing demands on our resources.

After carefully weighing priorities, I am proposing three kinds of actions:

First, I have carefully examined the broad range of defense and civilian needs, and am proposing the selective expansion of existing programs or the inauguration of new programs only as necessary to meet those urgent requirements whose fulfillment we cannot delay.

Second, I am proposing delays and deferrals in existing programs, wherever this can be done without sacrificing vital national objectives.

Third, I am proposing basic changes, reforms, or reductions designed to lower the budgetary cost of a number of Federal programs which, in their present

form, no longer effectively meet the needs of today.

Federal programs bring important benefits to all segments of the Nation. This is why they were proposed and enacted in the first place. Setting priorities among them, proposing reductions in some places and fundamental reforms in others, is a difficult and a painful task. But it is also a duty. I ask the Congress and the American people to help me carry out that duty.

Even after a rigorous screening of priorities, however, the cost of meeting our most pressing defense and civilian requirements cannot be responsibly financed without a temporary tax increase. I requested such an increase a year ago. On the basis of changed fiscal conditions, I revised my request in a special message to the Congress last August. I am renewing that request now.

There is no question that as a nation we are strong enough, we are intelligent enough, we are productive enough to carry out our responsibilities and take advantage of our opportunities. Our ability to act as a great nation is not at issue. It is our will that is being tested.

Are we willing to tax our incomes an additional penny on the dollar to finance the cost of Vietnam responsibly? Are we willing to take the necessary steps to preserve a stable economy at home and the soundness of the dollar abroad?

One way or the other we will be taxed. We can choose to accept the arbitrary and capricious tax levied by inflation, and high interest rates, and the likelihood of a deteriorating balance of payments, and the threat of an economic bust at the end of the boom.

Or, we can choose the path of responsibility. We can adopt a reasoned and moderate approach to our fiscal needs. We can apportion the fiscal burden equitably and rationally through the tax measures I am proposing.

The question, in short, is whether we can match our will and determination to our responsibilities and our capacity.

#### BUDGET SUMMARY

I am presenting my 1969 budget under the new unified budget concept unanimously recommended by the bipartisan Commission on Budget Concepts I appointed last year. Among the many changes recommended by the Commission and incorporated in this year's budget presentation, two stand out:

First, the total budget includes the receipts and expenditures of the trust funds, which were excluded from the traditional "administrative budget" concept. Because some \$47 billion of trust funds are included in the new budget concept, its totals are much larger than those in the old administrative budget.

Second, when the Federal Government makes a repayable loan, the effect on the economy is very different than when it spends money for a missile, a dam, or a grant program. A loan is an exchange of financial assets. Unlike other outlays, it does not directly add to the income of the recipient. Consequently, the Commission on Budget Concepts recommended that the budget identify and distinguish "expenditures" from "lending," and, for purposes of evaluating economic impact,



show a separate calculation of the surplus or deficit based on expenditure totals alone. My budget presentation follows this significant recommendation.

This budget carries a special section showing the relationship between the new and the old concepts.

The 1969 budget proposes outlays of \$186.1 billion, of which:

\$182.8 billion is spending.

\$3.3 billion is net lending.

Including the effects of the tax increase I am proposing, revenues in fiscal year 1969 are estimated at \$178.1 billion.

On the new budget basis, the overall deficit of \$8.0 billion anticipated in 1969 compares with an estimated deficit of \$19.8 billion in 1968. Thus, the reduction in the deficit is estimated to be \$11.8 billion.

A better measure of the direct impact of the Federal budget on the Nation's income and output is given by the expenditure account (which excludes the lending programs of the Federal Government). The expenditure deficit in fiscal year 1969 is estimated at \$4.7 billion, a reduction of \$9.3 billion from 1968.

Between 1968 and 1969 the normal growth in revenues—associated with rising incomes and business activity—is expected to be \$11.5 billion. This more than covers the rise in budget outlays between the two years—estimated at \$10.4 billion. Consequently, all of the revenues from the proposed surcharge and the speedup in corporate tax payments will be applied towards reducing the budget deficit.

To carry forward the proposals in the budget, I am requesting new budget authority of \$201.7 billion for 1969, of which \$141.5 billion will have to be provided through appropriation bills or similar action during the current session of Congress. The remainder will become available under existing law without current congressional action, including the social insurance trust funds and interest on the public debt.

#### SUMMARY OF THE BUDGET AND FINANCIAL PLAN [Fiscal years. In billions]

Description	1967 actual	1968 esti- mate	1969 esti- mate
<b>Budget authority (largely appropriations):</b>			
Previously enacted.....	\$135.4	\$125.1	-----
Proposed for current action by Congress.....	-----	3.3	\$141.5
Becoming available without current action by Congress.....	58.7	69.9	73.1
Deductions for interfund and intragovernmental transactions and applicable receipts.....	-11.5	-11.8	-12.9
<b>Total, budget authority....</b>	<b>182.6</b>	<b>186.5</b>	<b>201.7</b>
<b>Receipts, expenditures, and net lending:</b>			
<b>Expenditure account:</b>			
Receipts.....	149.6	155.8	178.1
Expenditures (excludes net lending).....	153.2	169.9	182.8
<b>Expenditure deficit (-).....</b>	<b>-3.6</b>	<b>-14.0</b>	<b>-4.7</b>
<b>Loan account:</b>			
Loan disbursements.....	17.8	20.9	20.4
Loan repayments.....	-12.6	-15.1	-17.1
<b>Net lending.....</b>	<b>5.2</b>	<b>5.8</b>	<b>3.3</b>
<b>Total budget:</b>			
Receipts.....	149.6	155.8	178.1
Outlays (expenditures and net lending).....	158.4	175.6	186.1
<b>Budget deficit (-).....</b>	<b>-8.8</b>	<b>-19.8</b>	<b>-8.0</b>

#### SUMMARY OF THE BUDGET AND FINANCIAL PLAN— Continued [Fiscal years. In billions]

Description	1967 actual	1968 esti- mate	1969 esti- mate
<b>Budget financing:</b>			
Borrowing from the public.....	\$3.6	\$20.8	\$8.0
Reduction of cash balances, etc.....	5.3	-1.0	( <sup>1</sup> )
<b>Total, budget financing.....</b>	<b>8.8</b>	<b>19.8</b>	<b>8.0</b>
<b>Outstanding debt, end of 1966 year:</b>			
Gross amount out- standing.....	\$329.5	\$41.3	\$370.0
Held by the public.....	265.6	269.2	290.0

<sup>1</sup> Less than \$50,000,000.

#### FISCAL PROGRAM FOR 1969

**Economic background.**—The overall fiscal policy for 1969 has been designed to achieve four major goals:

Continuation of sustained growth in jobs and real income for the American people.

Lessening of inflationary pressures.

Improvement in the U.S. balance of payments.

Reduction in Federal borrowing, aimed at reducing the upward pressure on interest rates.

In March, the American economy will achieve a new milestone as it enters its eighth year of sustained expansion. No prior period in our history has been marked by an expansion of such long duration. Each month that we continue to move ahead creates its own new record. And this record translates into jobs, incomes, and rising living standards for the American people.

During the past 4 years, the continued expansion has resulted in:

The creation of 7½ million new jobs;

An increase of 21% in national output;

A rise of 18.8% in per capita income after taxes and after adjustment for price change;

A rise of 12% in output per man-hour in the private sector of the economy;

A decline of 6½ million in the number of people living in poverty; and

A rate of unemployment which, for the past 2 years, has averaged less than 4% of the labor force and now stands at 3.7%.

Many factors contributed to this unparalleled achievement. But chief among them was the flexible use of fiscal policy—particularly the tax reductions and reforms of 1962, 1964, and 1965. A lagging economy was set in motion and sustained in expansion through these actions.

Between calendar years 1961 and 1965, economic growth was accompanied by a remarkable degree of price stability. Wholesale industrial prices rose by about one-half of 1% per year. The annual increase in consumer prices was about 1½%.

Since 1965, however, our economic achievements have been marred by an accelerated rate of price increases. Although these increases have not been as great as those in many other industrial countries, the consumer price index in the past 2 years has risen at an annual rate of 2.9%, and wholesale industrial prices at an annual rate of 1.8%.

Interest rates on loans and securities of all types have advanced sharply, first in 1966, and then after a short period of decline, again in 1967. Our balance of payments deficit—which had been reduced from \$3.9 billion in 1960 to \$1.4 billion in 1966—took a sharp turn for the worse in 1967.

The problems of rising prices and interest rates, and a worsening balance of payments, arise from many causes. And their correction will require a variety of measures. But central to any attack upon them is a fiscal policy which—through a combination of expenditure control and tax increase—sharply reduces the inappropriate stimulus of a large Federal budget deficit in today's vigorous economy.

We are now spending approximately \$25 billion annually to support our efforts in Vietnam—in the 4 fiscal years, 1966 through 1969 combined, we will have spent more than \$75 billion. Our annual expenditure for this purpose amounts to about 3% of gross national product. Other outlays, exclusive of social insurance trust funds, have been declining as a share of the Nation's income and output in recent years. It is not the rise in regular budget outlays which requires a tax increase, but the cost of Vietnam.

#### BUDGET OUTLAYS AS A PERCENTAGE OF GROSS NATIONAL PRODUCT

[Fiscal years. In percent]

	Average, 1958-60 actual	1965 actual	1968 esti- mate	1969 esti- mate
<b>Total outlays:</b>				
Vietnam.....	( <sup>1</sup> )	3.1	3.0	-----
Social insurance trust funds.....	3	3.4	4.2	4.4
Other outlays.....	16	14.6	14.2	13.9

<sup>1</sup> Less than 0.05 percent.

The tax increase I am requesting is in the same form as the one I recommended last year—a temporary 10% surcharge on individual and corporation income taxes. I again strongly urge its early approval by the Congress, with an effective date of January 1, 1968, for corporations and April 1, 1968, for individuals.

With enactment of the tax measures proposed in this budget—the surcharge, extension of excises, and the acceleration of corporate tax collections—the total budget deficit can be cut by more than half between 1968 and 1969. Without the tax measures, the deficit in 1969 would remain close to \$20 billion for the second year in a row. In an economy already moving strongly upward, such a deficit in 1969 would clearly add sharply to inflationary pressures.

Inflation robs the purchasing power of those living on fixed incomes. It is a regressive tax which strikes hardest at those least able to afford it—the poor and the elderly.

By raising the price at which we must sell in foreign markets, inflation also causes our export industries to suffer and our imports to increase more rapidly. Perhaps even more importantly, failure to take decisive fiscal action to reduce our budget deficit would raise strong doubts throughout the world about America's willingness to keep its financial house in order.

Finally, unless we take action to reduce the budget deficit significantly, Federal borrowing is likely to be so large as to drive up interest rates and reduce the availability of credit, especially to home buyers, small businessmen, and State and local governments.

**Revenues.**—The \$178.1 billion in estimated revenues for fiscal year 1969 includes \$12.9 billion from the tax measures I am proposing—the temporary income tax surcharge, the extension of present excise tax rates, and the speedup in corporation tax payments.

As I have repeatedly noted, the temporary surcharge represents a modest addition to our current tax bills. It would spread most equitably and fairly the cost of the commitments we must meet. It would exempt entirely from increased taxation about 17 million Americans whose low incomes place them within the first two tax brackets. It would not be haphazard and capricious like the tax of inflation. In terms of the income of individuals subject to the surcharge, the tax increase would average about one additional penny on the dollar. And, unlike inflation, it can be removed promptly if no longer warranted by our unusual outlays in Southeast Asia.

I am also proposing that the telephone excise tax of 10% and the automobile excise tax of 7% be extended at these rates beyond April 1, 1968, instead of dropping to 1% and 2%, respectively, as provided in present law. In addition, the Congress should enact the proposals made last year to modify the provisions for current payment of the corporate income tax so that they correspond to the current payment provisions applicable to individuals.

#### BUDGET RECEIPTS [Fiscal years. In billions]

Source	1967 actual	1968 estimate	1969 estimate
Individual income taxes.....	\$61.5	\$67.7	\$80.9
Corporation income taxes.....	34.0	31.3	34.3
Excise taxes.....	13.7	13.8	14.7
Employment taxes.....	27.8	29.7	34.2
All other receipts.....	12.6	13.3	14.1
<b>Total.....</b>	<b>149.6</b>	<b>155.8</b>	<b>178.1</b>
Under existing law.....	149.6	152.8	165.0
Under proposed legislation:			
Tax measures.....		3.0	12.9
User charges.....			.3

An estimated \$4.4 billion of the increase in revenues in 1969 will come from employment taxes which finance social security and other trust fund programs. Under the recent amendments to the Social Security Act, the annual wages on which each employee's social security taxes are paid rose from \$6,600 to \$7,800 as of January 1, 1968, and the combined employer-employee payroll tax will increase from 8.8% to 9.6% on January 1, 1969.

I am also recommending a number of new and increased user charges for programs in which the services provided by the Federal Government yield direct benefits to specific individuals and businesses. These charges—notably in the field of transportation—will, and should, shift the burden of financing from the general taxpayer to those who benefit directly, and make the provision of these

services dependent upon the willingness of the user to pay for them.

**Outlays.**—The \$186.1 billion in total budget outlays for 1969 represents an increase of \$10.4 billion from the current fiscal year. Almost all of this increase is accounted for by rising outlays for defense and for relatively fixed charges under present laws.

Of the total \$10.4 billion increase:

#### CONTROLLABILITY OF BUDGET OUTLAYS

[Fiscal years. In billions]

Type of controllability	1967 actual	1968 estimate	1969 estimate	Change, 1968-69
National defense.....	\$70.1	\$76.5	\$79.8	+\$3.3
Relatively uncontrollable civilian programs:				
Open-ended programs and fixed costs:				
Social security, medicare, and other social insurance trust funds.....	30.3	34.3	38.5	+4.2
Interest.....	12.5	13.5	14.4	+.9
Civilian and military pay increase.....			1.6	+1.6
Veterans pensions, compensation, and insurance.....	4.9	5.1	5.2	+.1
Public assistance grants.....	4.2	5.2	5.7	+.5
Farm price supports (Commodity Credit Corporation).....	1.7	2.8	2.9	+.1
Postal operations.....	.8	.7	.3	-.4
Legislative and judiciary.....	.3	.4	.4	(1)
Other.....	2.4	2.7	2.8	+.1
Subtotal, relatively uncontrollable civilian programs.....	57.1	64.7	71.8	+7.1
Relatively controllable civilian programs, including outlays from prior year contracts and obligations.....	35.2	39.0	39.5	+.5
Undistributed intragovernmental payments (—).....	-4.0	-4.6	-5.0	-.5
<b>Total budget outlays.....</b>	<b>158.4</b>	<b>175.6</b>	<b>186.1</b>	<b>+10.4</b>

<sup>1</sup> Less than \$50,000,000.

Outlays in relatively controllable civilian programs are estimated to rise by \$0.5 billion from 1968 to 1969. This rise is more than accounted for by an increase of \$1½ to \$2 billion in payments on prior contracts and obligations. On the other hand, budget outlays by the Federal National Mortgage Association trust fund are scheduled to decline. All other outlays in relatively controllable civilian programs will be essentially unchanged from 1968 to 1969.

Within this relatively stable total, however, there are a large number of individual increases and decreases. Tight budgeting does not mean an indiscriminate "hold-the-line" on all programs. Rather, it implies a rigorous application of priorities, providing increases where needs are urgent and returns high, slowing the growth of programs with less urgent priority, and reducing outlays where requirements have decreased or programs have become outmoded.

In the application of this priority system, my budget provides selective increases for a number of urgent domestic programs, particularly:

Manpower training;  
Model Cities;  
Programs to control the rising crime rate;  
Family planning and health care for mothers and infants;  
Air and water pollution control; and  
Research in better methods of education, and assistance in increasing the supply of qualified teachers.

These and the other selected programs for which I am recommending increases, respond to the most urgent needs of our Nation today—the basic problems of poverty, crime, and the quality of our environment. I urge the Congress to give them the most careful consideration. We can ignore these problems only at grave risk of harm to the fabric of our society.

\$3.3 billion is for national defense;  
\$4.2 billion is for the Federal Government's social insurance programs (chiefly social security and Medicare);  
\$1.6 billion is for the second step of the civilian and military pay increase enacted last year; and  
\$1.3 billion is for other relatively fixed charges (interest, public assistance, veterans pensions, etc.).

#### BUDGET OUTLAYS

[Fiscal years. In billions]

Description	1967 actual	1968 estimate	1969 estimate	Change, 1968-69
National defense.....	\$70.1	\$76.5	\$79.8	+\$3.3
Social security medicare, and other social insurance trust funds.....	30.3	34.3	38.5	+4.2
Other major social programs:				
Education.....	4.0	4.5	4.7	+.2
Health (excluding medicare).....	3.4	4.4	4.9	+.5
Labor and manpower.....	1.1	1.3	1.5	+.2
Economic opportunity programs.....	1.5	1.9	2.0	+.1
Welfare.....	3.9	4.6	4.9	+.3
Urban community development, and low and moderate income housing.....	1.1	2.0	2.3	+.4
Regional development.....	.2	.4	.5	+.1
Interest.....	12.5	13.5	14.4	+.9
Civilian and military pay increase.....			1.6	+1.6
All other.....	34.2	36.9	36.0	-.8
Undistributed intragovernmental payments (—).....	-4.0	-4.6	-5.0	-.5
<b>Total budget outlays.....</b>	<b>158.4</b>	<b>175.6</b>	<b>186.1</b>	<b>+10.4</b>

At the same time as I propose selected increases, I have taken other steps to hold budget totals to the minimum consistent with the national security and well-being. My budget provides for:

The cutback of controllable programs in 1968 which the Congress enacted upon my recommendation;

Reductions, deferrals, and program reforms, which would reduce program levels in a variety of Federal activities by \$2.9 billion in 1969;

A determined effort to slow the pace of federally financed construction programs as much as possible consistent with orderly government and sound practices;

A careful review of all budget requests to insure that increases are recommended only in case of high priority programs.



**Budget authority.**—Before Federal agencies can spend or lend funds, the Congress must enact authority for them to incur financial obligations and make the payments required to meet these obligations. Most of this authority is provided in the form of appropriations.

For fiscal year 1969, a total of \$201.7 billion of such authority is proposed:

New obligational authority of \$197.1 billion for expenditure account programs, and

Lending authority of \$4.6 billion for loan account programs.

Not all of this authority will be fully obligated or spent in 1969; some of it is needed to provide the authority for major procurement, construction, loan contracts, and other large-scale activities in which obligations made in one year result in outlays over a period of years.

Of the total budget authority recommended for 1969, the Congress would have to act on \$141.5 billion during the current session. The remaining authority will become available under existing law without further action by the Congress. Such authority consists chiefly of trust fund programs (under which the revenues of the special taxes and other specific receipts financing the programs are automatically appropriated) and interest on the public debt.

The authority for 1969 which the Congress is being asked to enact is \$13.1 billion greater than the current estimate for 1968, but only \$6.1 billion higher than the amount enacted 2 years ago. Current action by the Congress to provide budget authority varies widely from year to year because in several large programs—highways, TVA electric power construction, and the special assistance functions of the Department of Housing and Urban Development, for example—budget authority is provided in 1 year to cover a number of succeeding years. In fiscal year 1968, there is a considerable decline in the amount of such multiyear authority.

#### BUDGET AUTHORITY

(Fiscal years. In billions)

Description	1967 actual	1968 estimate	1969 estimate
Available through current action by the Congress:			
Previously enacted.....	\$135.4	\$125.1	-----
Proposed in this budget.....	-----	-----	\$138.4
To be requested separately:			
For supplemental requirements under present law.....	-----	3.0	(1)
Upon enactment of proposed legislation.....	-----	.2	.9
Allowances:			
Civilian and military pay increase.....	-----	-----	1.6
Contingencies.....	-----	.2	.6
Subtotal, available through current action by the Congress.....	135.4	128.4	141.5
Available without current action by the Congress (permanent authorizations):			
Trust funds.....	41.7	50.1	54.0
Interest on the public debt.....	13.4	14.4	15.2
Other.....	3.6	5.4	3.9
Interfund and intragovernmental transactions (—).....	-6.6	-7.4	-8.2
Applicable receipts from the public (—).....	-4.9	-4.4	-4.6
Total budget authority.....	182.6	186.5	201.7

<sup>1</sup> Less than \$50,000,000.

Of the \$15.2 billion increase in total budget authority in 1969, \$6.2 billion is for the Department of Defense and military assistance program, \$3.9 billion is available for trust funds, \$0.9 billion is for interest on the public debt, and \$1.6 billion for the military and civilian pay raises effective July 1, 1968.

The remaining increase in budget authority totals \$2.6 billion.

Major increases in this remainder are: \$586 million for public assistance and payments to the Medicare trust fund.

\$597 million for foreign economic assistance, to meet minimal development needs, primarily in Latin America and Asia, following the reductions in this program last year.

\$442 million for Federal manpower activities of civilian agencies.

\$163 million for the Office of Economic Opportunity (apart from its manpower activities).

\$245 million for the Atomic Energy Commission, largely associated with the new Sentinel antiballistic missile system.

\$688 million for the Model Cities program.

Major decreases from 1968 to 1969 include:

\$401 million for construction grant programs of the Office of Education.

\$254 million for the Post Office, reflecting the postal rate increase enacted in 1967.

\$204 million for health construction grants.

\$218 million for the National Aeronautics and Space Administration, because requirements for the Apollo program are declining.

\$81 million for certain Corps of Engineers construction activities.

This budget includes for fiscal year 1968 \$3.4 billion in supplemental appropriations recommended for enactment this year, along with the related outlays. Of this total, \$1.1 billion represents the current year's cost of the pay raise for Federal personnel, over and above amounts the agencies have been able to absorb. The other major supplemental requirement is \$1.6 billion for the Department of Health, Education, and Welfare, largely for welfare payments and medical assistance, and for the Government's payments to the health insurance trust fund.

#### BUDGET PROGRAM REDUCTIONS AND REFORMS

In this budget I am recommending two kinds of measures to reduce Federal outlays.

First, I am proposing certain reductions which primarily reflect the stringent nature of the 1969 budget. I am, for example, recommending a temporary reduction in certain construction programs, not because they have outlived their usefulness, but because a deferral of this construction is appropriate in a period when we must relieve inflationary pressures by reducing the deficit.

These reductions reflect a cut in existing program levels in terms of obligations, commitments, or contracts, which can be accomplished without substantially altering the character of the affected program. Such reductions are

estimated to bring 1969 programs some \$1.6 billion below 1968 appropriated levels.

Second, I am recommending long-run reforms and modifications to eliminate certain programs or make them more effective. As the economic and social profile of the Nation changes, Federal programs must also change—or run the risk of being inappropriate, ineffective, and irrelevant.

Under the reform proposals, the program level of older outmoded activities would be reduced, or, in certain cases, charges for benefits would be imposed or substantially increased. These proposed reforms are estimated to reduce the 1969 budgetary burden for these programs by \$1.2 billion below the prior year's levels. The corresponding amount for 1970 is estimated at \$1.4 billion.

Change will not be easy. Many revisions will require legislation, for which I seek congressional support and approval. Many of these programs have lived long lives and recipients have become accustomed to enjoying their benefits. Nevertheless, today's priorities demand change—no matter how difficult it may be.

The expenditure savings from these reductions and reforms will not all occur in 1969, but will be spread over several years. These proposals, shown in the accompanying table, will touch nearly every major agency in the Federal Government.

#### BUDGET PROGRAM REDUCTIONS AND REFORMS

(Fiscal years. In millions)

Agency and program	Cuts below 1968 program level, as funded, 1969
<b>BUDGET REDUCTIONS</b>	
Agriculture:	
Farm operating loans.....	—\$50
Rural electrification loans.....	—45
Forest roads and trails.....	—29
Sewer and water loans.....	—22
Water and sewer grants.....	—3
Watershed protection program.....	—17
Flood prevention program.....	—11
Agricultural research.....	—15
Forest protection and utilization.....	—2
Great plains conservation program.....	—2
Other.....	—1
Subtotal, Agriculture.....	—197
Commerce:	
Ship construction.....	—156
Research, Maritime Administration.....	—7
Subtotal, Commerce.....	—163
Health, Education, and Welfare:	
College facility grants.....	—224
Books, equipment, guidance, and testing grants.....	11
Health research facilities construction.....	—29
School aid to federally impacted areas.....	—17
Medical library construction grants.....	—10
Subtotal, Health, Education, and Welfare.....	—400
Housing and Urban Development:	
Grants for basic water and sewer facilities.....	—25
Public facility loans.....	—10
Special assistance for market rate mortgages, Federal National Mortgage Association.....	—27
Subtotal, Housing and Urban Development.....	—62
Interior:	
Reclamation program.....	—27
Indian construction programs.....	—22
Road programs.....	—6
Sport fisheries construction.....	—5
Commercial fisheries construction.....	—1
Subtotal, Interior.....	—61

## BUDGET PROGRAM REDUCTIONS AND REFORMS—Con.

[Fiscal years. In millions]

Agency and program	Cuts below 1968 pro- gram level, as funded, 1969
<b>BUDGET REDUCTIONS</b>	
Justice: Elimination of new prison construction...	-\$1
State: Educational exchange.....	-1
Atomic Energy Commission:	
Production of special nuclear materials.....	-12
Nuclear rocket program.....	-10
Space electric power.....	-8
Civilian application of nuclear explosives (Plowshare).....	-6
Subtotal, Atomic Energy Commission.....	-36
General Services Administration: Construction.....	-143
National Aeronautics and Space Administration:	
Manned and unmanned exploration and other programs.....	-447
National Science Foundation: Institutional science programs.....	-31
Small Business Administration:	
Business loans.....	-40
Economic opportunity loans.....	-25
Investment company loans.....	-25
Subtotal, Small Business Administration.....	-90
Total, budget reductions.....	-1,632

1969 1970

## PROGRAM REFORMS

Agriculture: Agricultural conservation program—limit to practices with long-term benefits.....	-\$120	-\$120
Health, Education, and Welfare: School aid to federally impacted areas—the payments more closely to Federal burden.....		-100
Housing and Urban Development: Private housing—place greater reliance on the private market (requiring change in statutory interest rate ceilings).....	-669	-669
Labor: Institute user charges to recover expenses under Longshoremen and Harbor Workers Compensation Act.....	-3	-3
Transportation:		
Airway services—increase taxes on users.....	-40	-55
Waterways—impose tax on users.....	-7	-14
Highway trucking—increase tax on diesel fuels and apply graduated use tax by weight.....	-239	-250
Subtotal, Transportation.....	-286	-319
Veterans' Administration:		
Compensation—eliminate statutory payments for cases of arrested tuberculosis.....	-54	-54
Burial benefits—eliminate duplication with social security.....	-46	-46
Pensions—count railroad retirement benefits as part of income in setting amount of veterans pension.....	-7	-7
Subtotal, Veterans' Administration.....	-107	-107
Small Business Administration: Disaster loans—employ more equitable and rigorous criteria.....	-50	-50
Water resources projects of several agencies—raise the interest rate used for evaluating projects.....	(1)	(1)
Total, program reforms.....	-1,235	-1,368
Grand total, budget program reductions and reforms, 1969.....	-2,867	

<sup>1</sup> While no immediate savings are realized, the long-term effect could be substantial.

There have been suggestions for a long-range study of Federal programs, evaluating their effectiveness and proposing reforms. Clearly, more study of potential program reforms is needed. My proposals this year represent a first step on which we can and should act now.

Throughout the years, it has been easier to discuss the need to restructure older Government programs, than actually to change them. I urge the Con-

gress to take prompt and favorable action in support of these proposals to cull out lower priority programs.

## FEDERAL DEBT

On the basis of all revenues and outlays included in the new unified budget, the Federal debt held by the public will increase to an estimated \$298 billion on June 30, 1969, from \$290 billion at the end of fiscal year 1968. A substantial amount of Federal debt is not held by the public but by Government agencies and trust funds. Federal gross debt—which is the sum of the amount held by the public and within the Government—is estimated at \$387.2 billion at the end of fiscal year 1969.

During the past year the Congress substantially revised the permanent statutory debt limit, which applies to concepts used in previous budgets. It also provided for temporary further increases beginning with the fiscal year 1969, to take care of seasonal fluctuations. On the basis of the present fiscal outlook, and assuming enactment of the new tax measures which I have proposed, it should not be necessary to seek revision of the limit during this session of the Congress.

If and when it becomes necessary to revise the statutory limit, some modifications in the scope and nature of the limit may be appropriate, in line with the recommendations of the Commission on Budget Concepts.

## FEDERAL DEBT AND BUDGET FINANCING

[End of fiscal years. In billions]

Description	1967 actual	1968 estimate	1969 estimate
Federal debt held by the public.....	\$269.2	\$290.0	\$298.0
Plus debt held by Federal agencies and trust funds.....	72.2	80.0	89.2
Equals gross Federal debt.....	341.3	370.0	387.2
Of which:			
Treasury debt.....	322.9	344.1	356.7
Other agency debt.....	18.5	25.9	30.5
Budget financing:			
Borrowing from the public.....	3.6	20.8	8.0
Reduction of cash balances, etc.....	5.3	-1.0	(1)
Total budget financing.....	8.8	19.8	8.0
Total budget deficit.....	-8.8	-19.8	-8.0

<sup>1</sup> Less than \$50,000,000.

Under the revised concepts presented in this budget, the Federal debt includes a wider range of Federal securities than the direct obligations of the Treasury Department, which have formerly been regarded as the public debt. Under the new concept, the debt includes:

Direct obligations of the Treasury;  
Securities issued by other Federal agencies; and

Certificates of participation in assets of Federal agencies issued by the Export-Import Bank and by the Federal National Mortgage Association for itself and as trustee for several other agencies.

In total, agency obligations other than Treasury securities will amount to an estimated \$25.9 billion on June 30, 1968, and will increase to \$30.5 billion by June 30, 1969.

Increases in borrowing from the public represent the primary means of financing the budget deficit. Lesser amounts are available from time to time by drawing down the Treasury's cash balances or from a portion of the seigniorage on the Government's minting operations.

## PROGRAM HIGHLIGHTS

The budget covers all the expenses which can be reasonably anticipated in the coming year. To assure that the total takes into account the inevitable uncertainties in estimating for a future period, \$2.2 billion in new obligational authority and \$2.0 billion in expenditures have been included as special allowances for 1969. These allowances provide for: (1) civilian and military pay increases required by law, and (2) unforeseen contingencies and the possible costs of new programs for which definite estimates cannot be made at the present time.

The Government's program and budget for 1969 are outlined briefly in the table and sections that follow:

## BUDGET OUTLAYS

[Fiscal years. In billions]

Function	1967 actual	1968 estimate	1969 estimate
<b>Expenditures:</b>			
National defense.....	\$70.1	\$76.5	\$79.8
Excluding special Vietnam.....	(50.0)	(52.0)	(54.0)
International affairs and finance.....	4.1	4.3	4.5
Excluding special Vietnam.....	(3.7)	(3.9)	(4.0)
Space research and technology.....	5.4	4.8	4.6
Agriculture and agricultural resources.....	3.2	4.4	4.5
Natural resources.....	2.1	2.4	2.5
Commerce and transportation.....	7.3	7.7	8.0
Housing and community development.....	.6	.7	1.4
Health, labor, and welfare.....	39.5	46.4	51.9
Education.....	3.6	4.2	4.4
Veterans benefits and services.....	6.4	6.8	7.1
Interest.....	12.5	13.5	14.4
General government.....	2.5	2.6	2.8
<b>Allowances:</b>			
Civilian and military pay increase.....			1.6
Contingencies.....		.1	.4
Undistributed intragovernmental payments:			
Government contribution for employee retirement (—).....	-1.7	-1.9	-2.0
Interest received by trust funds (—).....	-2.3	-2.7	-3.0
Total expenditures.....	153.2	169.9	182.8
Total expenditures, excluding special Vietnam.....	(132.7)	(144.9)	(156.5)
<b>Net lending:</b>			
International affairs and finance.....	.5	.7	.7
Agriculture and agricultural resources.....	1.2	.9	1.1
Housing and community development.....	1.7	3.3	1.4
All other.....	1.7	.9	.1
Total net lending.....	5.2	5.8	3.3
Total outlays.....	158.4	175.6	186.1
Total outlays, excluding special Vietnam.....	(137.9)	(150.6)	(159.8)

National defense.—In a world of shrinking distances, our own peace and security is bound up with the destiny of other nations. The defense budget for 1969 reflects our resolve to preserve the independence of Vietnam and to provide the forces essential for safeguarding our national security and international obligations.



Since 1961, excluding those forces added because of operations in Vietnam, we have increased our military capability in every essential category. Our accomplishments include:

A 45% increase in the number of combat-assigned Army divisions—from 11 to 16;

A 62% increase in the funds for general ship construction and conversion to modernize the fleet;

A 200% increase in the number of guided-missile surface ships;

A 20% increase in the number of Air Force tactical fighter and attack aircraft, and a 100% increase in the total payload capability of all fighter and attack aircraft—Air Force, Navy, and Marine Corps;

A 400% increase in our fixed-wing airlift capability—an increase which will reach 1,000% in the 1970's with the introduction of the mammoth C-5A transport; and

A 185% increase in the number of nuclear weapons in the strategic alert forces.

While we stand ready to enter meaningful discussions with the Soviet Union on the limitation of strategic forces, it is necessary to assure that our defense capabilities remain equal to any challenge or threat. I am therefore recommending funds in this budget which will:

Maintain our decisive strategic deterrent by: continuing to convert our strategic missile force to the more effective Minuteman III and Poseidon; equipping those missiles with multiple, independently targeted warheads and aids to help them penetrate enemy defenses; and modernizing our manned bomber force with additional FB-111 aircraft and improved short range attack missiles.

Proceed with procurement of the Sentinel missile defense system to meet the threat posed by the emerging Chinese nuclear capability. In addition, we will begin a revamping of our air defenses.

Augment the firepower, mobility, and readiness of our general purpose forces by improving their air defenses, buying new fixed-wing aircraft and helicopters, and procuring other new weapon systems. We will also replenish munitions, supplies, and equipment consumed in Vietnam.

Improve further our airlift-sealift capability by additional purchases of the giant C-5A aircraft and initial procurement of the fast deployment logistics ship.

Continue the vigorous research and development effort which constitutes the Nation's investment in our future national security.

To accomplish these improvements, to meet all of our requirements in Vietnam, and to meet the full year's cost of the October 1967 civilian and military pay raise will require an increase of \$3.3 billion in outlays for national defense in 1969.

We can and will meet all of our essential defense requirements. But we intend to insure that our defense dollars are spent as efficiently and effectively as possible. At my request, the Department of Defense will continue its searching review to reduce costs and to deter or stretch out all programs in which econ-

omies can be effected without reducing overall defense readiness.

International affairs and finance.—Through its international programs, the United States seeks to promote a peaceful world community in which all nations can devote their energies toward improving the lives of their citizens. We share with all governments, particularly those of the developed nations, responsibility for making progress toward these goals.

The task is long, hard, and often frustrating. But we must not shrink from the work of peace. We must continue because we are a Nation founded on the ideals of humanitarian justice and liberty for all men. We must continue because we do not wish our children to inherit a world in which two-thirds of the people are underfed, diseased, and poorly educated.

The \$2.5 billion in new obligational authority requested for 1969 for the economic assistance program is essential to the success of our efforts. Most of our assistance is provided in concert with other industrialized nations, some of whom devote a larger proportion of their economic resources to this purpose than we do.

Our assistance, even when combined with the growing contribution of other industrial nations, cannot itself guarantee the economic growth of developing nations. But it can provide the crucial margin of difference between success and failure for those countries which are undertaking the arduous task of economic development. Since outside aid cannot substitute for effective self-help, we will continue to direct our economic assistance to those countries willing to help themselves.

The 1969 economic assistance program will continue the trend toward increasing concentration on improved agriculture, education, health, and family planning. The economic aid program I am proposing will:

Accelerate growth in Latin America by modernizing agriculture and expanding education, and help lay the foundations for a Common Market, as agreed at Punta del Este last April.

Support India's recovery from recession and drought, and assist Pakistan's drive toward self-sufficiency in food.

Promote progress in the villages of Southeast Asia by helping them build schools, roads, and farms.

More than 90% of our AID expenditures in 1969 will be for purchases made in the United States, and I have directed intensified efforts to increase this percentage.

Upon completion of negotiations now in progress, I shall recommend legislation to authorize a U.S. contribution to a multilateral replenishment of the resources of the International Development Association, which is managed by the World Bank. I shall also request an increase in our subscription to the callable capital of the Inter-American Development Bank (IDB); this action will enlarge the borrowing and lending capacity of this vital Alliance for Progress institution without requiring expenditure of U.S. Government funds. These

resources, together with our proposed contributions to the IDB's Fund for Special Operations and the Asian Development Bank, will permit us to provide effective support for sound development projects while we share the financial burden with other donors. Our contributions will include adequate balance of payments safeguards.

To assure sufficient food supplies for the developing countries, I am proposing extension of the Food for Freedom program beyond its expiration date of December 31, 1968.

The Export-Import Bank will continue to assist the growth of U.S. exports, so essential to our balance of payments. I will propose legislation to establish a new Export Expansion Program to guarantee, insure, and make direct loans for U.S. exports which do not qualify for Bank financing under existing criteria.

Space research and technology.—This Nation's leadership in advanced technology was challenged 10 years ago by Sputnik and again 7 years ago by the first Soviet manned flight. We responded to these challenges with energy and imagination. We decided to create a national capability to operate in space. We established as a principal goal the development of launch vehicles and spacecraft large enough to transport men to the moon. We joined the strengths of our universities, industry, and government to accomplish this goal, to expand our knowledge of space, and to attain a leading position in aeronautics and space technology.

Our continuing stream of progress has been marked by many dramatic successes and by only a few tragic setbacks. The Mercury and Gemini programs have clearly demonstrated our progress in manned space flight. The recent, highly successful launch of the huge Saturn V rocket emphasizes the great strides we have made in creating a large launch vehicle capability. We will resume manned flight tests of the Apollo spacecraft this year, and proceed toward the manned lunar expedition.

To meet our most urgent national needs in some areas requires us to reduce spending in others. New obligational authority requested for the National Aeronautics and Space Administration in this budget is about \$220 million below the 1968 amount. Expenditures will be \$230 million below 1968, \$850 million below 1967, and over \$1.3 billion less than in 1966. This reduction reflects our progress beyond the costly research and development phases of the manned lunar mission, as well as the immediate need to postpone spending for new projects wherever possible.

Based on a careful examination of priorities, the 1969 budget provides increases in some areas to prepare for important advances in future years, while deferring other less urgent, new projects. The production of our large Saturn-class space boosters is continued but at a reduced rate. The development of a nuclear rocket engine to increase the capability of our Saturn V launch vehicle is also continued, but at a smaller size and thrust than originally planned, to reduce development cost.



We will not abandon the field of planetary exploration. I am recommending development of a new spacecraft for launch in 1973 to orbit and land on Mars. This new Mars mission will cost much less than half the Voyager program included in last year's budget. Although the scientific result of this new mission will be less than that of the Voyager, it will still provide extremely valuable data and serve as a building block for planetary exploration systems of the future.

**Agriculture and agricultural resources.**—In recent years, Federal agricultural commodity programs have succeeded in adjusting farm production to domestic and export needs. Wheat acreage was increased in 1967 to permit additional food aid for developing countries faced with low crop production. Cotton acreage will be increased in 1968 since surplus cotton stocks have been eliminated.

The commodity programs have helped raise incomes for many of our farmers. However, many poorer families living in rural areas benefit little from these programs. The combination of rapidly rising farm productivity and more slowly growing demand for farm products has left many rural people with low incomes. The result has been a massive migration to the cities, limited job opportunities for people remaining in rural areas, and widespread rural poverty.

Rising farm income plays a major role in improving economic conditions in rural areas. But other measures are needed:

The Secretary of Agriculture is working with other Federal agencies and local groups to help more rural people participate in Federal programs that provide increased economic opportunities and improved living conditions.

Legislation now before the Congress should be enacted to aid the establishment of multicounty area development districts. These districts would provide a broad base for planning and coordinating the development of public services and facilities in rural areas.

Capital needs of Rural Electrification Administration borrowers to provide necessary electric power and telephone facilities in rural areas continue to expand. Legislation should be enacted to establish a cooperative bank for the telephone loan program and to permit the use of revolving funds for both the electric and telephone programs.

The Wholesome Meat Act of 1967 provides a new guarantee of safety for the American consumer. Under this act it will be possible to bring the same assurance of wholesomeness for meat sold in intrastate commerce as for meat now inspected under the Federal system.

**Natural resources.**—Federal programs to protect and develop our natural resources help strengthen our economic base and provide recreational opportunity for an expanding population.

The 1969 budget calls for deferral of some lower priority resource activities. But adequate provision has been made to:

Protect our forests, conserve our fish and wildlife, and develop our mineral resources;

Acquire new recreation areas;  
Clean up the Nation's water; and  
Continue water resource development.

Construction costs have been rising sharply in recent years—by 5% in 1966 and 6% in 1967. To reduce the impact of Federal construction activities on the economy, I am recommending that ongoing water resource projects be continued at minimum rates. In many cases this will require a delay in present construction schedules. New water resource development projects of the Corps of Engineers, the Bureau of Reclamation, and the Department of Agriculture, which had been recommended for starting in 1968 or had been added by the Congress, will be started over the 2-year period, 1968 and 1969. A small number of additional projects will be proposed for starting in 1969.

The Water Resources Council is developing a more appropriate interest rate to be applied in formulating and evaluating water projects. The revised rate will be related to the average estimated current cost to the Treasury of long-term borrowing. It will be higher than the rate now in use for project evaluation. The new rate will be applied to future projects in order to assure the most effective use of Federal funds in the development of the Nation's water resources.

Legislation to establish a National Water Commission is already before the Congress and is essential if we are to deal more effectively with the Nation's critical water problems.

We must also take steps to safeguard our scenic and historic areas and anticipate the resource needs of future generations. Legislation has been proposed and should be enacted promptly to authorize:

The Redwoods National Park in northern California;

The North Cascades National Park and National Recreation Area in the State of Washington;

The Apostle Islands National Lakeshore in Wisconsin;

A National Scenic Rivers System;

A Nationwide System of Trails; and

The Central Arizona Project.

I also recommend legislation to:

Augment the revenues of the Land and Water Conservation Fund by use of part of the mineral leasing receipts from the Outer Continental Shelf; and

Establish a Federal-State system for regulation of surface mining operations.

**Commerce and transportation.**—Many of the Nation's most urgent needs can be secured only with the dividends provided by continued economic growth. In addition to its overall fiscal policy, the Federal Government contributes to this growth in a variety of ways. For example, we:

Provide aid to American businesses, and stimulate increased competition;

Assist depressed areas of the Nation to share the fruits of prosperity; and

Encourage safe and efficient systems of transportation and communication.

These are our long-standing goals, which require a slightly different emphasis each year to focus our efforts on the emerging needs of a rapidly changing so-

ciety. The budget for 1969 is responsive to this need by:

Encouraging private business to create job opportunities for those living in blighted urban areas;

Enhancing the well-being of seriously depressed regions by helping selected communities take better advantage of existing Federal grant programs;

Strengthening centers of potential economic growth within depressed regions to reduce excessive migration to larger urban centers where job opportunities often are not available;

Improving our balance of payments, by increasing assistance to businesses to expand their exports and by attracting more tourists to the United States; and

Providing improved statistics to aid business, labor, and government in sustaining economic growth.

Our economic growth and well-being rely heavily on fast, efficient movement of goods and people. The 1969 budget provides for continuing development of a prototype civil supersonic transport, for further tests of high-speed ground transportation, and for an expanded research program to stimulate innovation in our congested urban transportation systems.

I have directed the Secretary of Transportation to develop recommendations for providing and financing the facilities and services required to meet the long-term needs of the Nation's rapidly growing air transportation network.

I am also proposing a broad program of transportation user charges to apply the test of the marketplace to these activities, and to relieve the general taxpayer of some of the burden of financing special benefits for certain individuals and industries.

While we prepare for the future, we cannot overlook the urgent demands of the present. Safety will continue to receive high priority in the 1969 budget program. We must attack the tragic toll of traffic fatalities on the Nation's highways and equip our airways to handle increased air traffic safely and efficiently.

**Housing and community development.**—Most Americans lead a comfortable life, in comfortable homes and comfortable surroundings. But millions of families are still crowded into housing unfit to live in, located in squalid surroundings, and burdened with worn-out facilities and inadequate services. Without some assistance and the development of new techniques, our private economy cannot now provide good housing at costs these families can afford. Our cities cannot afford all the essential facilities and services. The Federal Government must continue and expand its assistance.

I propose to the Congress that we launch a program, in cooperation with private industry and labor, to build 6 million new housing units for low- and middle-income families over the next 10 years.

Under existing legislation and the new measures I will propose, we can begin this program in fiscal year 1969 with 300,000 housing units.

Federal aids for State and local serv-



ices, especially those for education, health, manpower training, and basic income support are, to a large extent, directed at needy families. In addition, housing and community development programs are aimed more specifically at improving their surroundings. This budget provides:

\$1 billion for the 63 Model Cities now planning their programs to concentrate assistance to some 3.7 million people living in the most blighted areas of these cities, and for approximately 70 cities expected to start their planning in the late spring.

\$1.4 billion of advance funding for the urban renewal program for 1970, allowing the communities to start planning their action programs now.

To provide decent housing for all Americans, the housing industry must be able to compete on equal terms with other sectors for needed resources. However, in the past 2 years, housing has been at a disadvantage in competing for investment funds. The tax increase I have proposed will help solve this problem. In addition, specific steps to overcome the competitive disadvantage are being proposed to the Congress, including:

Authority to lift the ceiling on interest rates for FHA and VA mortgages, which currently discourages savers from investing in mortgages.

An orderly transfer of ownership of the Government's activities in the secondary mortgage market to private hands, so that private capital can be raised and mortgages purchased as required by market conditions.

Despite substantial progress, our urban problems remain complex. Their solutions will be difficult. Our understanding of the basic nature of the problems and of the correct solutions is deficient. To remedy this deficiency, the 1969 budget provides for a doubling of the general research funds available to the Department of Housing and Urban Development.

Detailed recommendations to augment our efforts to solve housing and urban problems will be presented in a separate message to the Congress.

Health, labor, and welfare.—Programs that help develop our most valuable resource—our people—are essential to the long-run growth and vitality of the Nation. No society can flourish unless its people have opportunities for jobs and the skills to perform them, receive adequate health care, and are free from the fear of basic economic insecurity. The 1969 budget will permit us to further these objectives.

Outlays for these programs are estimated at \$51.4 billion, of which over 75% will be provided through trust funds which are largely self-financed.

Health.—Since 1963, Federal outlays for health have increased sixfold—from \$1.7 billion to \$10.7 billion. Medicare has provided insurance coverage against hospital and doctors' bills for nearly all older Americans. Under Medicaid, medical assistance has been extended to 8.5 million needy individuals. The number of medical and dental schools has been significantly increased, new mental retardation

clinics and mental health centers are providing services, and infant mortality has been reduced.

But our job is far from complete. This budget will reinforce our partnership with State and local governments in attacking health problems; speed research findings to victims of heart, cancer, stroke, and related diseases; intensify the attack on air pollution; expand health care for mothers and children; and increase voluntary family planning services.

To broaden and supplement these efforts, I will propose legislation to:

Attack the problem of infant mortality by providing, for families which cannot afford it, access to health services from prenatal care for the mother through the child's first year.

Increase the supply of health manpower.

Establish more effective leadership and an improved personnel system for the health activities of the Department of Health, Education, and Welfare.

Labor and manpower.—The opportunity to work in a meaningful job is a fundamental right in our society. This opportunity is denied those who are ill-equipped through lack of education and job skills, and those who are handicapped by the effects of discrimination and a slum environment.

The 1969 budget provides for a wide range of manpower programs which will enable 1.3 million Americans to start on the road to economic self-sufficiency and individual dignity. Another 230,000 disabled Americans will be restored to productive employment through the vocational rehabilitation program.

The Concentrated Employment Program, which brings together a wide range of manpower and related services in selected geographic areas, will be expanded to an additional 70 areas—35 of them rural. This will bring to 146 the number of the Nation's most severe unemployment areas which will be served by this intensive effort.

Major increases are also planned in programs to enlist private employers in training and employing the hard-core unemployed. State and local manpower planning will be strengthened, and manpower activities in the Department of Labor have been restructured to improve delivery of manpower services.

Legislation will be proposed to:

Update the unemployment insurance program by extending coverage, raising benefit levels for unemployed workers, increasing the length of benefits under certain circumstances, correcting abuses, and providing for services which would increase the workers' employability.

Reduce threats to the health and safety of workers through a comprehensive Federal-State program and assure workers' compensation benefits to uranium miners who contract lung cancer.

Economic opportunity programs.—Poverty in the midst of plenty casts an ugly shadow on our society. We have a commitment to remove that shadow.

We know that poverty cannot be eradicated overnight. But we must persist in our efforts to help those oppressed by poverty—whether they live in blighted

urban areas or in impoverished rural counties. Work and training programs are being expanded and increasingly aimed at helping the poor. In addition, this budget will enable the Office of Economic Opportunity to provide:

Improved planning capability of local Community Action Agencies.

Services for a full academic year to 202,000 children through Head Start and a summer program for 450,000 children to remove basic disadvantages suffered by poor children on entering school.

Head Start Follow Through to help 79,000 children retain the gains provided by the Head Start program.

Assistance to make a college education possible for 31,000 deprived but talented youths through the Upward Bound program.

Comprehensive family health services for the poor through nearly 50 neighborhood health centers.

New approaches are being tested through cooperation among Federal agencies in multipurpose neighborhood center demonstration projects in 14 cities. These centers will develop service systems to render assistance more effectively to those in need.

Although the task is great and the problem complex, we have, in recent years, made substantial strides in reducing poverty. Between 1963 and 1967, the number of people living in poverty fell from over 35 million to less than 29 million, and from 19% of our population to under 15%. But 29 million poor people are still far too many.

In addition to programs of the Office of Economic Opportunity, various other Federal programs provide assistance to help reduce the number of those living in poverty.

#### FEDERAL AID TO THE POOR

(Fiscal years. In billions)

Category	1960 actual	1963 actual	1967 actual	1968 estimate	1969 estimate
Education.....	\$0.1	\$0.1	\$2.0	\$2.3	\$2.5
Work and training	(?)	(?)	1.0	1.2	1.6
Health.....	.6	.9	3.2	4.1	4.7
Cash benefit payments.....	8.3	10.4	12.8	14.6	15.9
Other social welfare and economic services	.5	1.0	2.0	2.4	2.9
Total.....	9.5	12.5	21.1	24.6	27.7

<sup>1</sup> Figures represent new obligatory authority for Federal funds and expenditures in the case of trust funds.

<sup>2</sup> Less than \$50,000,000.

Social security and public assistance.—The 1967 Social Security Amendments represent a major stride toward improving the incomes of 24 million of our people—the aged, the permanently disabled, and survivors or dependents. These beneficiaries are fortunate enough to have been covered by social insurance.

Other, less fortunate members of our society must depend on welfare. To assist those welfare recipients who cannot find work because of a lack of training and responsibility for dependent children at home, this budget provides \$100 million for training and \$35 million for child care services.

The transition from welfare recipient to wage earner will also be eased by the recent amendments which provide an in-

centive to work by exempting a certain portion of earnings from consideration of continued eligibility for assistance.

Despite periodic revisions, much of the welfare system is outmoded and in need of change. Accordingly, I have appointed a commission to make a comprehensive review of existing welfare and related programs and to recommend whatever measures are necessary to provide a more equitable and effective system of assistance to needy people.

The budget includes funds under proposed legislation to expand the food stamp program of the Department of Agriculture. About three million low-income people will have better diets under this program by the end of fiscal year 1969.

**Education.**—As a nation we are committed to develop the skills and talents of all our citizens. The Federal Government is playing an increasingly important role in this effort.

The 90th Congress added the Education Professions Development Act of 1967 to the historic laws enacted in 1965 providing Federal aid to education—the Elementary and Secondary Education Act, the Higher Education Act, and the National Foundation on the Arts and Humanities Act. We now have basic legislation to improve education at all levels. Our task is to use these tools wisely and imaginatively, directing them to the areas of greatest need or potential.

For 1969, I propose that the Federal Government continue in its determination to help make high-quality education available to all of America's young people. The budget includes:

\$1.2 billion in grants for improving the elementary and secondary education of over 9 million children from low-income families;

An expanded Teacher Corps;

Increased grants for schooling of children with physical and mental handicaps which hinder learning for 1 child in 10;

A new program to better the achievement of children whose native language is not English; and

More than two million grants, loans, and part-time work opportunities for college students, including benefits under the GI bill.

America's children must be prepared for the challenges of the future. To help them meet these challenges, we must explore the ways students learn and improve the ways teachers teach through:

Increases in education research, demonstrations, and curriculum development, including an experiment in model schools in the District of Columbia;

A new \$30 million program to prevent dropouts; and

Innovations in training for the education profession through new patterns of operation and new ties among colleges and universities, States, and local schools.

In order to meet these urgent requirements within a stringent overall budget, several programs have been reduced or deferred, including grants for construction of academic facilities and purchase of school equipment.

I intend to propose legislation this year to:

Improve Federal support to higher education by providing greater flexibility in

administering student aid, providing counseling and tutoring for disadvantaged students, and encouraging schools to share libraries, computers, and other resources.

Support innovative projects in vocational education, particularly to aid the disadvantaged.

Provide advance financing for the newly authorized Corporation for Public Broadcasting.

**Veterans benefits and services.**—Historically, this Nation has provided special benefits for the men and women who have served in the Armed Forces in times of national danger.

In 1969, special emphasis will be given to programs designed to help newly discharged veterans find satisfactory employment or to improve their career opportunities through vocational or academic training programs. For men and women still on active military duty, the budget provides for legislation to increase protection under the Servicemen's Group Life Insurance program and for expanded counseling and civilian job-training opportunities in the closing months of military service.

In addition to assistance in the development of veterans' career potential, this budget will also permit the continuation and improvement of the traditional programs of compensation, pensions, and medical care. Veterans hospitals will receive new medical services and improved nursing staffing. Applied medical research and medical education will be expanded.

Legislation should be enacted to relate veterans pension payments more closely to individual needs and provide better protection against loss of income. Studies are now underway to seek improvements in other veteran benefit programs.

**General government.**—Rising crime rates are a major concern of the American people.

I am determined that the Federal Government do everything properly within its power to assist our States and localities in controlling crime. I have directed Federal agencies to intensify their efforts to destroy organized crime. The budget reflects expansions in both direct Federal action and Federal assistance to State and local governments.

Although the main responsibility for combating crime must rest with our State and local governments, the Federal Government can effectively aid this effort by:

Encouraging modernization of law enforcement, corrections, and court systems;

Assisting law enforcement agencies throughout the country to improve and expand the exchange of information; and

Assisting in recruiting and training law enforcement personnel.

With the Law Enforcement Assistance Act of 1965, a start was made toward more effective Federal-State-local cooperation. Last year I proposed the "Safe Streets and Crime Control Act" to expand on this promising beginning. We will renew our efforts to secure the enactment of this legislation so that an expanded effort against crime can go forward.

The Federal Government's ability to take direct action has been strengthened by the Prisoner Rehabilitation Act of 1965, the Ball Reform Act of 1966, and the Narcotic Addict Rehabilitation Act of 1966. The budget supports these and other measures in an accelerated drive against crime.

Legislation is also needed to provide support for efforts to prevent, treat, and control juvenile delinquency. Such legislation is now pending before the Congress and should be enacted promptly.

The efforts of this Administration to bring home rule to the District of Columbia are well known. I am confident that the Mayor and the Council, by their actions and with community support, will prepare the way toward the goal of local self-government. Voting representation in the Congress is an additional necessity if District citizens are to participate fully in our democratic processes. I am again recommending that the authorized Federal payment to the District of Columbia be established equal to 25% of District revenues, so that the Federal Government will be contributing its fair share toward the needs of the Nation's Capital.

#### NEW BUDGET CONCEPTS

In my budget message last year, I called for a thorough and objective review of budgetary concepts by a bipartisan group of informed individuals with a background in budgetary matters. I stated my hope that this group would recommend an approach to budgetary presentation which would assist both public and congressional understanding of this vital document.

In March of 1967, a Commission on Budget Concepts was established to make such a review and report its recommendations to me. The Commission consisted of 16 distinguished Americans, including the chairmen and ranking minority members of the Appropriations Committees of the Congress, as well as top Government financial officials and eminently qualified private citizens.

This budget puts into effect most of the major recommendations in the Commission's report, which was presented to me on October 10, 1967. These include:

A single unified budget statement to replace the three concepts previously used.

Comprehensive coverage in the budget of all programs of the Federal Government and its agencies, including some \$47 billion of trust funds as well as Federal funds.

Division between an expenditure account and a loan account, using the former as a measure of economic impact for fiscal policy purposes.

Offsetting against related expenditures those receipts of the Government which are market-oriented in character, rather than based on the Government's sovereign power to tax and regulate.

Highlighting action required of the Congress on the budget and relating that action more closely to outlays.

Treating sales of participation certificates, which had previously been considered as an offset to Government expenditures, as a means of financing the deficit.



Several other changes recommended by the Commission for adoption in future years are now under preparation for later application.

It is my hope that the far-reaching proposals made by the Commission, and their adoption for this budget, will serve the desired purposes of improving public understanding of the Federal budget and overcoming many of the inadequacies of the concepts formerly used.

#### PLANNING-PROGRAMING-BUDGETING SYSTEM

To improve the process by which Federal programs are planned and the Federal budget prepared, the Government is continuing to develop the Planning-Programing-Budgeting (PPB) system which has now completed its second year of operation. This system provides information and analysis to relate the programs we undertake to the ends they are to achieve, and to choose the most efficient ways of using our resources to reach our goals.

This year the program budgets developed under the system have been employed as the framework within which program costs and accomplishments were reviewed. As a result, the different programs now stand in a clearer relationship to each other and to their objectives.

The system is also providing comparisons of the cost and effectiveness of alternative ways to achieve our objectives. For example:

The Department of Health, Education, and Welfare has analyzed the effectiveness of the cooperative Federal-State vocational rehabilitation program. This study indicated that the increase in lifetime incomes of participants is many times the rehabilitation cost, confirming previous judgments that this program merits high priority.

In the area of non-service-connected veterans pensions, a series of studies was done to compare various benefit formulas from the point of view of their cost, the equity with which they treat beneficiaries, and the extent to which they protect beneficiaries against large loss of pensions from small increases in other income. These studies have shown the need for legislation, provided for in this budget, that would relate pension payments more closely to the needs of the beneficiaries.

Through the program evaluation system in the Economic Development Administration of the Department of Commerce, the number of jobs expected to result from proposed development projects in depressed areas has been estimated in relation to the extent of poverty and unemployment prevailing in the areas and to the costs of creating the jobs. This has assisted EDA in judging the most effective distribution of its resources among proposed projects.

We will extend the application of PPB during the next year, and strengthen it where it has already been introduced. In particular, we will continue to improve measures of the effectiveness of programs and to develop better alternatives.

#### IMPROVING GOVERNMENT MANAGEMENT

In recent years, the Federal Government has undertaken a number of vital new programs to improve America's ur-

ban and rural communities and enhance the way of life of all our people.

To attain the full benefits of these programs, it is essential that they be made workable at the point of impact—whether it be the individual citizen, a State or local government, a university, or any of the other institutions involved in efforts to carry out our national goals. Effective and economical management is also essential to ensure that each tax dollar buys a full dollar's worth of essential services.

Government organization.—In the past 4 years, we have undertaken more fundamental reforms in managing the Government than, perhaps, at any other time in our history. We have witnessed such major advances as the creation of two new cabinet agencies—the Departments of Transportation and of Housing and Urban Development. Significant reorganizations have taken place in other programs, among them the Public Health Service, the Community Relations Service, the Federal Water Pollution Control Administration, and the Bureau of Customs.

New strides were made last year by:

Providing the District of Columbia with a modern governmental organization, replacing the obsolete three-member Board of Commissioners with a single chief executive and a nine-member council to exercise quasi-legislative functions.

Creating the Social and Rehabilitation Service in the Department of Health, Education, and Welfare to unify the administration of related income support and social service and rehabilitation programs.

Reorganizing the Bureau of the Budget to enhance its ability to help coordinate Federal programs and provide additional staff services for the solution of inter-agency and intergovernmental problems.

A key tool in improving Government organization is the President's authority to transmit reorganization plans to the Congress. That authority is scheduled to expire on December 31, 1968. Legislation is being proposed to extend the authority for an additional 4 years to help ensure the continued ability of the President to reshape programs and organizational structures to meet changing needs and circumstances.

The problems we face in the administration of new, comprehensive attacks on social problems often involve a number of agencies—as in the new Model Cities program. These problems cannot be solved simply by shifting functions between agencies. Heavy emphasis is therefore being given to improving both the formal and informal methods used to ensure that agencies work together effectively on related programs.

An example of the efforts being made in interagency cooperation is the program involving the Office of Economic Opportunity and the Departments of Labor, Housing and Urban Development, and Health, Education, and Welfare to aid 14 cities in the establishment of pilot neighborhood centers to provide comprehensive services to residents in low-income neighborhoods.

Federal-State-local cooperation.—The need for cooperation and coordination

between the partners in our federal system has also increased. The problems of managing many of our most important new programs are intensified by their intergovernmental character.

At the Federal level we must do what we can to assist our partners. We must assure that our programs are designed and administered in such a way as to mesh with State and local patterns of organization and operation to the maximum extent possible. We must ensure that Federal programs promote State and local initiative and action. To that end, we have taken a number of actions in the past year alone:

Developed and put into operation a system through which State and local chief executives have the opportunity—often not previously available to them—to have a voice in developing Federal regulations and administrative procedures.

Established procedures to improve Federal-State coordination in the designation of development planning districts.

Provided an opportunity for areawide planning agencies to comment on proposed applications for specific grants that would affect the orderly development of their metropolitan areas.

Taken initial steps to shorten processing time on applications under many vital grant programs by 50%.

Improvement is a continuous process, as it must be to meet the needs of a dynamic and rapidly changing society. We must prepare now to meet the public service needs of our people in the seventies. One of the prerequisites to satisfying the awesome demands of the future is a corps of competent, well-trained public servants. Enactment of the pending Intergovernmental Manpower Act will provide a significant stride forward in filling the gap of trained manpower at the State and local levels of Government.

Two additional measures are needed to improve the funding and management of intergovernmental programs significantly:

Joint Funding Simplification Act.—This measure, which was sent to the Congress last year, will simplify and streamline the application, processing, and administration of a number of related grants by managing them as a single, unified project.

Funding improvements and consolidation efforts.—To overcome the serious problems of planning education programs at the State and local level caused by grant delays, I am seeking early appropriations for elementary and secondary education. The amounts which will be available must be known in the spring, if local communities are to be able to use them most effectively in the ensuing school year. I am also proposing to consolidate related grants for college student aid and for vocational education. This consolidation, coupled with advance funding action similar to that mentioned above, will facilitate advance planning by both the institutions and students.

Further action is underway to determine whether additional consolidations of grant programs are feasible. As proposals are developed, they will be promptly forwarded to the Congress.



Again, as last year, I must stress that State and local governments must help themselves too. Encouraging steps are being taken, but many serious problems of modernization of executive direction and financial systems remain which can only be remedied by those governments and their citizens.

Cost reduction.—I have continued to insist that the executive branch of the Federal Government be operated as economically and efficiently as possible.

Some examples of the actions agencies took in the past year to cut costs are:

The Department of Defense achieved savings of over \$339 million by value engineering. Under this program unnecessary equipment, facilities, procedures, and supplies are eliminated. A good example is the \$2.1 million saved by the redesign of an aircraft camera. Performance was improved and unit costs were reduced by about 40%.

The Manpower Administration of the Department of Labor, through improved work methods, achieved estimated savings of over \$19 million.

All Government agencies, by sharing automatic data processing resources through an exchange program, avoided costs of over \$28 million. Redistribution of ADP equipment avoided new procurement of \$80 million.

The National Aeronautics and Space Administration, by utilizing idle, excess, and surplus Government property, avoided expenditures of over \$22 million for new equipment or facilities. In addition, NASA saved over \$16 million by improving procurement practices.

A value analysis of the specifications for the computer display channel of the National Airspace System development enabled the Federal Aviation Administration to avoid costs of approximately \$12 million.

The Coast Guard reorganized its search and rescue mission function along the east and gulf coasts, leading to savings estimated at \$14.6 million.

The Post Office has improved its procurement of transportation to the extent that \$107 million was saved in the period from 1965 through 1967.

#### CONCLUSION

This is a critical and challenging time in our history. It requires sacrifices and hard choices along with the enjoyment of the highest standard of living in the world. No nation has remained great by shedding its resolve or shirking its responsibilities. We have the capacity to meet those responsibilities. The question before us is whether or not our will and determination match that capacity.

In the past 4 years, this Nation has faced formidable challenges. We have confronted them with imagination, courage, and resolution. By acting boldly, we have forced a number of age-old concerns—ignorance, poverty, and disease—to yield stubborn ground.

The rollcall of accomplishments is long. But so is our agenda of unfinished business. Our heritage impels us to steadfast action on those problems of mankind which both gnaw at our conscience and challenge our imagination.

As your President, I have done all in my power to devise a program to meet our responsibilities compassionately and

sensibly. The program is embodied in this budget for 1969. I urge active support for its principles and programs.

LYNDON B. JOHNSON.

JANUARY 29, 1968.

The message, together with the accompanying papers, was, without objection, referred by the Speaker pro tempore (Mr. OLSEN) to the Committee on Appropriations and ordered to be printed with illustrations.

#### THE PRESIDENT'S BUDGET MESSAGE

The SPEAKER pro tempore. The gentleman from Texas [Mr. MAHON] is recognized for 5 minutes.

Mr. MAHON. Mr. Speaker, we have just had presented perhaps the most important single document of this congressional year.

While I have given some thought and attention to the message, so much is involved that it is not possible at this time to analyze the budget adequately or to come to a set of conclusions as to what specific steps Congress should take.

The executive branch of the Government has had several agonizing months in which to formulate the budget. The crisis period, the major decision period, took place in more recent weeks and months. The President has been heavily involved, of course, in those decisions. The budget is his budget.

#### THE PRESIDENT'S RESPONSIBILITY

The President has done his duty in submitting the budget as he sees it. The law directs him to submit his legislative and fiscal proposals, along with his reasons. The law gives him carte blanche—he is to recommend what he deems appropriate to the times and the circumstances as he sees them. That he has done.

The Presidency is the only elective office in the land that represents all 200 million Americans. The President—alone among all public officials—has the biggest constituency and the broadest horizon of interests to consider when he prepares the budget. Ours is a big and varied country, with almost endless competing and conflicting interests. The budget is the convening place for all of the policies and programs of the Government; the occasion for great contesting for a place and a share in the budget that never includes enough money to cover all of the national wants and often not enough to cover all of our national needs.

So, Mr. Speaker, this budget, in common with all budgets, necessarily reflects great compromises. It represents a drawing of the line, so to speak, by the President between what he regards as the national wants and the national necessities, and expressions of the extent to which he thinks we can afford them under all the circumstances. So it is entirely understandable that the budget includes things which some may regard as proper and necessary but which others may regard as unjustified or of low priority. Some will say the budget is too low in certain respects; others will say it is too high. Some will criticize it for what it includes, while others may take exception because of what it omits.

The people of my area will not agree

with all of the budget. Nor will I. Citizens of many Members' districts, and many Members themselves, will be in disagreement with some features of the budget.

#### THE CONGRESSIONAL RESPONSIBILITY

In any event, Mr. Speaker, processing the budget—both the revenue side and the outgo side—is solely the responsibility of Congress. We may criticize and we may take exception, but we have the final responsibility of determining what the appropriations, and eventually the expenditures, shall be; and what revenue-raising measures shall be adopted. Moreover, we have opportunities to alter, to subtract, to add, to approve, and to disapprove in any way we collectively see fit. All we need is the will to do so—and a majority vote. That is our system.

I would say further that with receipt of this budget the 45-day respite is over; the "battle of the budget" resumes—perhaps with increased intensity—where it left off on December 15.

All budgets from all administrations in all times generally distinguish themselves in some particular respects. But all budgets from all administrations in all times also generally have some things in common. I would say that this new budget probably conforms in that respect.

#### THE NEED FOR FISCAL RESTRAINT

According to today's budget, we face the prospect—perhaps the certainty—of a deficit in the current fiscal 1968 period of about \$20 billion—perhaps more. And with a deficit that for the coming fiscal year 1969 is projected at \$8 billion, and which could be much higher, there must be a major and unrelenting effort on the part of Congress to hold the line in spending.

The President's budget, from his viewpoint, is considerably restrained, I would say, but we need to move more rapidly to a balanced fiscal picture.

The dollar is under challenge and our gold continues to drain away. The warning signals have been hoisted. The storm flags are flying around the world. If we do not show sufficient respect for the value of our dollar, how can we expect other countries of the world who rely on it—and who hold billions of them—to respect it either?

Whether we like it or not, it seems to me imperative that on both the appropriation and the authorization bills this year, Congress must wherever reasonably possible show minus signs up and down the line. We need to make meaningful cuts. It is just as much our duty and responsibility to act on the budget—and act wisely—as it is the duty and responsibility of the President to present it.

The budget is between a rock and a hard place even with enactment of the controversial surtax increase—nearly \$20 billion in the red this year on the new basis of counting; about \$8 billion in the red next year. It is even somewhat higher on the old "administrative budget" basis. We have our work cut out for us even with enactment of the proposed tax package.

We need a two-pronged attack to save every dollar we can safely save, and to secure every dollar of additional revenue that we reasonably can. Prudence and self-discipline make mighty good sense in public spending decisions at all times.



But when we are in an inflationary period; when the budget is heavily in the red; when we are at war; when foreign holders of dollars threaten to foreclose on our shrinking gold supply if we do not act with great prudence and restraint; in these circumstances, clearly commonsense suggests that we ought to get our fiscal house in better order. In these circumstances, the duty of economy just is not debatable; it is clearly imperative.

#### ALL BUDGETS ARE TENTATIVE

Mr. Speaker, as we consider this budget and vote on it during the year, it is well to remember that budgets of all administrations, all Presidents are characteristically optimistic in tone and outlook. A budget is a plan, a projection, a set of recommendations. It is not self-executing. It depends on legislative action, or legislative inaction; on performance of the economy; on the state of world affairs, and so on. It is therefore tentative. It never exactly materializes; for many reasons it very often winds up wide of the mark on both sides of the ledger. History strongly cautions us to assume that the budget will turn out for the worse rather than the better; that it is wise to hedge against the uncertainties, the slippages, the failures. I will insert some supporting detail in corroboration of this point.

#### THE BUDGET HAS TWO SIDES—AND MANY FEATURES

The budget has two sides—income and outgo—and many features. Processing it is the work of many minds and hands; of all Members; and of several committees. There are lots of opportunities to practice fiscal discipline—in committees and on the floor.

Some \$13.2 billion of additional revenue measures relating to fiscal 1969 are proposed in the budget—and they are counted in arriving at the \$8 billion deficit. The tax package also involves \$3 billion for the current fiscal year 1968.

There are several propositions of new legislation that involves nearly \$1 billion in fiscal 1969 budget authority which a number of the legislative committees will first have for consideration.

Something like \$36.5 billion of the budget for continuing programs is involved in the legislative authorization process—either in the annually recurring bills such as space, foreign aid, maritime administration, parts of the defense budget, and so on, or in other programs where the basic legislative authority periodically comes up for renewal. A number of legislative committees have an opportunity to exercise restraint in these bills. The House will have two bites, two chances to exercise restraint in all these programs involving, as I indicated, close to \$37 billion—first in the authorization process and again at the appropriations stage.

The SPEAKER. The time of the gentleman has expired.

Mr. MAHON. Mr. Speaker, I ask unanimous consent to proceed for 3 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### SST AIRCRAFT PROGRAM

Mr. RIVERS. Mr. Speaker, will the gentleman yield?

Mr. MAHON. I yield, Mr. Speaker.

Mr. RIVERS. Mr. Speaker, of course, the House of Representatives will work its will on the budget. However, I have read a lot of it and have studied it over the weekend. I notice that the President has asked additional money for the supersonic transport. I hope that the great chairman of the great Committee on Appropriations will not reduce this request. One of the greatest assets this Nation has is the aircraft industry. We lead the world in commercial aircraft and we should continue to lead the world in production of airframes. It is imperative that we keep the lead, and we can only keep it by keeping the state of the art in our possession as it is now.

I trust and I hope that the gentleman will work hard to retain that additional money for the supersonic transport, because it is vital to this country that we retain the lead that we now possess in this field. The supersonic transport represents something away ahead of the field and away ahead of the world, and the President, in my opinion, was wise in requesting this extra money in the budget.

Mr. MAHON. I thank the gentleman.

Mr. Speaker, it is true that we construct with American capital and labor the great bulk of the commercial aircraft of the world. It is important that we maintain these sales from the standpoint of our balance-of-payments situation and for other reasons also.

#### THE ADDITIONAL REVENUE MEASURES PROPOSED

Mr. Speaker, returning to the budget generally, while we must make reductions wherever reasonably possible—and I think much can be done—we also need to provide additional revenue. There is no doubt about that in my mind. I think we were wise last year in not enacting a tax bill, because the postponement tended to focus attention on the spending issue which is before us. It tended to dampen the spending practices of the Government.

It tended, in my opinion, to reduce the amount of the budget presented to us this year. I think this was very good. But the time has now come for us to take steps to provide additional revenue, and I believe that appropriate steps will be taken at this season of the Congress—at least indications are that steps will be taken at this session—to bring in additional revenue. However, coupled with this, there has got to be an austere program in Federal spending and in appropriations.

#### BUDGET CROSSES \$200 BILLION MARK

Mr. Speaker, it is noteworthy that for the first time in our history the budget projects new budget obligational authority above the \$200 billion mark. The President is requesting new obligational authority in the sum of \$201 billion plus. This is one-fifth of a trillion dollars. This should help to more sharply focus on the necessity for our following a policy of paying our own way insofar as possible—as common prudence suggests, and especially now in order to strengthen the dollar in the money markets of the world.

So I am hopeful, Mr. Speaker, that we shall move forward in the right fiscal and legislative directions as the session proceeds.

Mr. Speaker, under permission granted earlier by the House, I am incorporating at this point considerable elaboration of some features that seem to me pertinent to today's budget and our fiscal picture, together with supporting tables and statistics, which I hope may be helpful in illuminating some of those considerations.

#### NEW OBLIGATIONAL AUTHORITY IN TODAY'S BUDGET—OVER \$200 BILLION

Mr. Speaker, that brings me to a key point I want to make about the budget and the matter of congressional action. It would be well to fix firmly in our minds the fundamental point that Congress will be acting not on the basis of the expenditures—or outlays—budget of \$186.1 billion mentioned prominently in the message and in the press, but rather on budget—obligational—authority—or, for all practical purposes, appropriation authorizations and requests. Congress does not vote directly on the expenditure—or outlay—figures. Congress acts on obligating authority. The authorization bills are stated on this basis. The appropriation bills are also stated on this general concept.

The grant of appropriations or other authority to obligate the Government is the significant point of legislative decision; the basis on which legislative decisions are grounded. Appropriations are the leading edge, the forerunner of expenditures. A higher obligational authority means, sooner or later, a higher expenditure—outlay.

And, Mr. Speaker, in today's budget for fiscal 1969, the total proposed budget—obligational—authority is stated at \$201,723,000,000 under the new unified, comprehensive budget which now includes trust funds. There is some basis for saying that it could properly be stated at an even higher amount. A new feature of the unified budget presentation is to reflect so-called "market-oriented" type receipts as offsets to expenditures rather than as budget receipts, but in today's budget they are also offset against budget obligational authority although they do not in fact impinge upon the amounts of authority requested or granted. Interfund and intragovernmental transactions are also similarly handled for the first time.

In any event, Mr. Speaker, the total crosses the \$200 billion mark on the new basis. It was only 2 years ago that there was much said about crossing the \$100 billion barrier mark although that was related to budget expenditures—and on the old basis—rather than obligational authority.

Today's total budget obligational authority for 1969 is one-fifth of a trillion dollars.

Today's total budget obligational authority for 1969 is \$18,551,000,000 above the corresponding amount already enacted for fiscal 1968. It is \$15,224,000,000 above the grand total currently estimated in the budget for 1968 after counting in some \$3,327,000,000 of fiscal 1968 supplementals to be considered at

this session for such things as pay act costs, public assistance grants, and so on.

So that the key overall figure for fiscal 1969 is the budget obligational amount of \$201,723,000,000. But I should quickly add that some \$60,227,000,000—stated on the net basis—of that has already been authorized and actually appropriated in earlier Congresses for the trust funds or as permanent appropriations or authorizations. The \$60 billion principally involves such major items as the social security trust funds, interest on the public debt, the highway trust fund, and so forth. They are detailed in the budget. They recur automatically under earlier laws without need for annual grant of obligating authority in the current session.

#### THE NEW OBLIGATIONAL AUTHORITY CONGRESSIONAL ACTION AMOUNTS

Thus, more precisely, Mr. Speaker, the budget obligational authority which according to today's budget we are asked to consider and act upon at this session aggregates some \$144.8 billion as follows:

For fiscal 1969.....	\$141,496,000,000
For fiscal 1968 (supplementals).....	3,327,000,000
<b>Totals for session to be acted on.....</b>	<b>144,823,000,000</b>

I include tables that capsule most of the big increases that make up the \$15.2 billion obligational authority increase proposed for 1969 over 1968 and an agency breakdown of the \$141.5 billion for 1969 and the \$3.3 billion for 1968:

#### NEW BUDGET (OBLIGATING) AUTHORITY PROPOSED IN THIS BUDGET FOR FISCAL YEAR 1969 OVER FISCAL YEAR 1968 (ROUNDED AMOUNTS USED)

[Total increase of \$15,224,000,000, of which \$13,096,000,000 involves current action by Congress and \$2,128,000,000 is under permanent law and therefore does not require current action. In addition, some \$3,327,000,000 of contemplated fiscal year 1968 supplementals would require current action when submitted]

Item	Fiscal year 1969 compared to fiscal year 1968
Available through current action by the Congress:	
Department of Defense and military assistance program (excludes defense share of the \$1,600,000,000 pay increment effective July 1, 1968, listed below).....	+\$6,200,000,000
Public assistance and payments to the medicare trust fund.....	+586,000,000
Foreign economic assistance.....	+597,000,000
Federal manpower activities (civilian agencies).....	+442,000,000
Office of Economic Opportunity (excluding manpower activities).....	+163,000,000
Atomic Energy Commission (largely new antiballistic missile system).....	+245,000,000
Model cities program (full funding).....	+688,000,000
Military and civilian pay raises (July 1, 1968 increment under last year's pay bill).....	+1,600,000,000

#### BUDGET AUTHORITY REQUIRING CURRENT ACTION BY CONGRESS

[In millions of dollars]

Description	1967 enacted	1968 estimate			1969 total estimate	1969 total estimate compared to 1968 total estimate
		Enacted	Supplemental needed	Total		
Legislative branch.....	271	277	4	282	306	+24
The Judiciary.....	90	94	1	95	102	+7
Executive Office of the President.....	29	31	(1)	31	33	+2
Funds appropriated to the President.....	5,112	4,718	10	4,728	6,329	+1,601
Department of Agriculture.....	7,734	6,411	52	6,463	7,307	+844
Department of Commerce.....	873	763	8	771	825	+54
Department of Defense, military.....	71,943	72,112	800	72,912	79,257	+6,345
Department of Defense, civil.....	1,391	1,383	11	1,394	1,345	-49
Department of Health, Education, and Welfare.....	12,617	12,858	1,604	14,463	15,388	+925
Department of Housing and Urban Development.....	6,402	3,330	25	3,356	3,427	+71
Department of the Interior.....	1,586	1,592	29	1,621	1,724	+103
Department of Justice.....	408	417	47	465	545	+80
Department of Labor.....	638	625	29	654	742	+88
Post Office Department.....	1,215	962	212	1,174	920	-254

<sup>1</sup> Less than \$500,000.

#### THE CONGRESSIONAL ACTION AMOUNTS

As the tables I have inserted disclose, there is some \$13,100,000,000 of increases projected in budget—obligational—authority requiring action at this session, and in addition, some \$3,327,000,000 of fiscal 1968 supplementals to be asked for. Of course, Mr. Speaker, Congress has full opportunity and a duty and responsibility to consider and to decide not just on the increases sought, but on the entirety of the hundreds of items.

Mr. Speaker, a word about the new unified, comprehensive budget concept. It replaces three previously used concepts—administrative, cash, and national income accounts. Hopefully, the switch will promote understanding—or at least, minimize misunderstanding and confusion. But until there is generally better understanding of the budget totals which Congress considers and votes on,

some lack of good understanding is apt to persist.

Congress will not at this session act on great chunks of the \$186.1 billion expenditure—outlay—budget—in fact, it does not directly act on any of the \$186.1 billion outlay estimates. The authorizations and appropriations on which Congress acts are stated on an obligational authority rather than an expenditure—outlay—basis.

As someone has said, today is the consequence of yesterday; so, tomorrow is the consequence of today. The \$186.1 billion expenditure—outlay—is essentially a "checks issued to pay the bills when they come due" figure. It includes, for example, \$54.8 billion of expenditures—outlays—expected to be made in fiscal 1969 from unexpended balances of spending authority of earlier years—voted in earlier years and thus not coming before

#### NEW BUDGET (OBLIGATING) AUTHORITY PROPOSED IN THIS BUDGET FOR FISCAL YEAR 1969 OVER FISCAL YEAR 1968 (ROUNDED AMOUNTS USED)—Continued

[Total increase of \$15,224,000,000, of which \$13,096,000,000 involves current action by Congress and \$2,128,000,000 is under permanent law and therefore does not require current action. In addition, some \$3,327,000,000 of contemplated fiscal year 1968 supplementals would require current action when submitted]

Item	Fiscal year 1969 compared to fiscal year 1968
Available through current action by the Congress—Continued	
Later transmittal (pending enactment of proposed legislation, including \$445,000,000 for investments in certain international financial institutions).....	+700,000,000
Contingencies.....	+400,000,000
All other (consisting of many increases and decreases).....	+1,475,000,000
<b>Total increase through current action by the Congress.....</b>	<b>+13,096,000,000</b>
Available without current action by the Congress:	
Trust funds (principally social security).....	+3,900,000,000
Interest on the debt.....	+900,000,000
Other.....	-1,659,000,000
Deduct interfund and intragovernmental transactions and applicable receipts from the public.....	-1,013,000,000
<b>Total, increase without current action by the Congress.....</b>	<b>+2,128,000,000</b>
<b>Total, budget authority increase.....</b>	<b>+15,224,000,000</b>

Description	1967 enacted	1968 estimate			1969 total estimate	1969 total estimate compared to 1968 total estimate
		Enacted	Supplemental needed	Total		
Department of State.....	395	389	1	390	418	+28
Department of Transportation.....	6,204	1,511	221	1,732	2,821	+1,089
Treasury Department.....	931	921	13	934	1,016	+82
Atomic Energy Commission.....	2,199	2,509	-----	2,509	2,755	+246
General Services Administration.....	656	570	4	574	509	-65
National Aeronautics and Space Administration.....	4,968	4,589	-----	4,589	4,370	-219
Veterans' Administration.....	6,598	7,499	76	7,575	7,537	-38
Other independent agencies.....	3,174	1,510	28	1,538	1,672	+134
Allowances for:						
Civilian and military pay increase.....	-----	-----	-----	-----	1,600	+1,600
Contingencies.....	-----	-----	150	150	550	+400
Total, budget authority requiring current action by Congress.....	135,432	125,073	3,327	128,400	141,496	+13,096

Note: Figures may not add to totals due to rounding.

the House for a vote in the fiscal 1969 bills. It was voted previously.

Then, of course, there are the expenditures—outlays—in the \$186.1 billion figures—that will flow in 1969 from new obligational authority—interest, social trust funds, and so forth—that becomes available automatically under permanent law of earlier sessions and thus also not coming before the House for a vote in the fiscal 1969 bills. The amount is not now precisely determinable, but it ranges somewhere between \$52.9 billion upwards to \$60 billion; the following table uses the lower figure.

So, the \$186.1 billion expenditure—outlay—figure is not by any means the one on which Congress will be acting this session.

I include a table that recapitulates the point:



## ESTIMATED BUDGET OUTLAYS AND APPROPRIATIONS REQUESTED—PORTIONS SUBJECT TO ACTION IN BILLS DURING THE 90TH CONG., 2D SESSION

[Rounded amounts used]

	Budget estimates of expenditures (outlays)	Budget estimates of appropriations
RELATING TO FISCAL 1969		
1. Totals proposed, President's budget, Jan. 29, 1968.....	\$186,062,000,000	\$201,723,000,000
2. Deduct estimate of expenditures (outlays) in fiscal 1969 out of appropriations made in prior session (and thus not in bills for action in the present session).....	-54,780,000,000	-----
3. Deduct amounts applicable to permanent appropriations that recur automatically under earlier laws, and thus not in bills for action in the present session (several, but principally interest on the debt; most of the trust funds, such as social security, etc.). The expenditure figure used here may duplicate some part of item 2 above, but only relatively negligibly so and not enough to distort.....	-52,900,000,000	-60,227,000,000
Amounts relating to fiscal 1969 that would be involved in proposals for direct consideration and action in the present session.....	78,382,000,000	141,496,000,000
RELATING TO FISCAL 1968		
4. Supplementals contemplated for fiscal 1968 as shown in President's 1969 budget, Jan. 29, 1968, for direct consideration and action in the present session.....	3,379,000,000	3,327,000,000
TOTALS FOR THE PRESENT SESSION		
5. Totals proposed, President's budget, Jan. 29, 1968 (items 1 and 4).....	189,441,000,000	205,050,000,000
6. Totals for direct consideration and action in the present session (item 5, less items 2 and 3 which arise out of actions taken in prior sessions).....	81,761,000,000	144,823,000,000

Notes: Item 2, in the "expenditure" column would include some amounts applicable to activities subject to annual scrutiny under the corporation budget law, which would largely result, however, from appropriation or other fund authority granted in prior sessions. In item 3, the "expenditure" figure is a bit arbitrary.

## BUDGET VARIATIONS AND CONTINGENCIES

Mr. Speaker, common prudence reinforced by hard, cold experience during all administrations of all Presidents dictates certain things which it seems to me we should remember as we process the budget:

First, any original budget is tentative at best. Uncertainties abound.

Second, all original budgets turn out differently—the realizations often do not match the expectations.

Third, in aggregate over the years, the Treasury has not come out as well as the original budget project. There is more often than not a shortfall.

There are many slips between the cup and the lip.

Economic conditions on which revenue estimates are bottomed can and do change.

Congress alters the budget.

Revenue legislation fails of passage.

Emergencies arise.

War requirements—as James A. Gar-

field once so well observed—"war over- turns all ordinary calculations."

Specifically, in six of the last 13 ad-

## SELECTED MAJOR CONTINGENCIES SURROUNDING THE BUDGET FOR 1969

[Partial listing only]

	Revised budget for 1968	Budget for 1969
1. Budget deficit projected by President, Jan. 29, 1968 (with all the attending assumptions and contingencies).....	-\$19,805,000,000	-\$7,954,000,000
2. If the proposed 10-percent surtax is not adopted (corporations, Jan. 1; individuals, Apr. 1).....	1,900,000,000	9,800,000,000
Then the projected deficits would be.....	-21,705,000,000	-17,754,000,000
3. If the proposal to further accelerate corporate tax collections is not adopted.....	800,000,000	400,000,000
Then the projected deficits would be.....	-22,505,000,000	-18,154,000,000
4. If the proposal to extend excise taxes expiring Apr. 1 is not adopted (auto from 7 percent to 2 percent; telephone from 10 percent to 1 percent).....	306,000,000	2,660,000,000
Then the projected deficits would be.....	-22,811,000,000	-20,814,000,000
5. If the various proposals for user charges are not adopted (aviation service, \$40,000,000; waterways, \$7,000,000; highways, \$239,000,000; all other, \$11,000,000).....	-----	297,000,000
Then the projected deficits would be (this is a partial listing only. Other considerations enter).....	-22,811,000,000	-21,111,000,000

Note: Perhaps the most important single contingency other than those listed above that could affect the tentatively projected budget picture would be if the general performance of the economy in calendar year 1968 were to vary significantly from the economic assumptions underpinning the budget. Principally, the assumption that GNP (gross national product) for calendar 1968 will be about \$846,000,000,000—about \$51,000,000,000 above 1967.

## VARIATIONS IN "ADMINISTRATIVE BUDGET" PROJECTIONS, 1955-67

[In billions of dollars]

Fiscal year	Budget receipts			Budget expenditures			Surplus or deficit		
	Original	Actual	Swing	Original	Actual	Swing	Original	Actual	Swing
1955.....	62.5	60.2	-2.3	65.4	64.4	-1.0	-2.9	-4.2	-1.3
1956.....	59.7	67.8	+8.1	62.1	66.2	+4.1	-2.4	+1.6	+4.0
1957.....	65.0	70.6	+5.6	64.6	69.0	+4.4	+4.4	+1.6	+1.2
1958.....	73.1	68.6	-4.5	71.2	71.4	+0.2	+1.8	-2.8	-4.6
1959.....	74.0	67.9	-6.1	73.6	80.3	+6.7	+5.5	-12.4	-12.9
1960.....	76.4	77.8	+1.4	76.3	76.5	+0.2	+1.1	+1.2	+1.1
1961.....	83.3	77.7	-5.6	79.1	81.5	+2.4	+4.2	-3.9	-8.1
1962.....	82.3	81.4	-.9	80.9	87.8	+6.9	+1.5	-6.4	-7.9
1963.....	93.0	86.4	-6.6	92.5	92.6	+.1	+.5	-6.3	-6.8
1964.....	86.9	89.5	+2.6	98.8	97.7	-1.1	-11.9	-8.2	+3.7
1965.....	93.0	93.1	+.1	97.9	96.5	-1.4	-4.9	-3.4	+1.5
1966.....	94.4	104.7	+10.3	99.7	107.0	+7.3	-5.3	-2.3	+3.0
1967.....	111.0	115.8	+4.8	112.8	125.7	+12.9	-1.8	-9.9	-8.1

<sup>1</sup> Original deficit projection decreased by this amount.

## VARIATIONS FROM ORIGINAL BUDGET PROJECTIONS

Mr. Speaker, the above chart supplies more details showing the swings in budget receipts, expenditures, and budget results, and how they can miss the original marks. There were many reasons but there was only one result: a budget shortfall—another reason, Mr. Speaker, why we had best redouble our efforts to

deny access to the Treasury for all but the most essential objects.

## RECENT BUDGET TRENDS

Of course, Mr. Speaker, the last budget was higher than the year before. The long truth of history is that growth of the population—there are 2,286,000 more Americans this morning than there were when the budget came a year ago—and

ministrative budgets, actual revenues were less than the original January projections. In the other seven, they exceeded the original figures. Largely because of the surges in revenues in the last 2 years, 1966 and 1967, the net result of the 13 years was a net plus of \$6.7 billion on the revenue side. In fact, in each of the last 4 years, revenues have exceeded the original budget estimates.

But on the other side, expenditures exceeded original January budget projections in 10 of the 13 years. Original estimates were overshot by \$41.6 billion over the 13 years.

As a result, instead of a combined deficit of \$20.4 billion as originally projected, there was an actual budget deficit of \$55.2 billion—a worsening, in other words, of some \$34.8 billion over the 13 years.

Today's budget deficit projection of \$8 billion for 1969 hinges on a number of significant contingencies, chief among which of course is the \$16 billion tax and user charges package for fiscals 1968 and 1969.

I am inserting a brief table illustrative of some of the budgetary consequences if several significant revenue propositions in the 1969 budget are not enacted:





TABLE 15.—BUDGET RECEIPTS, OUTLAYS, FINANCING, AND DEBT, 1958-69—Continued

Description	Actual										Estimate	
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Receipts, Expenditures, and net lending—Continue												
Loan account:												
Loan disbursements.....	6,520	7,859	8,310	7,869	9,621	9,646	10,237	10,911	14,628	17,787	20,869	20,372
Loan repayments.....	4,976	5,201	6,427	6,671	7,271	9,791	9,693	9,662	10,796	12,611	15,091	17,106
Net lending.....	1,544	2,659	1,882	1,198	2,351	-145	545	1,249	3,832	5,176	5,779	3,265
Total budget:												
Receipts.....	79,617	79,048	92,481	94,393	99,656	106,578	112,702	116,855	130,901	149,591	155,830	178,108
Expenditures and net lending.....	82,720	92,352	92,268	97,915	107,011	111,320	118,667	117,966	134,572	158,414	175,635	186,062
Budget deficit (-).....	-3,103	-13,304	213	-3,522	-7,355	-4,742	-5,965	-1,111	-3,671	-8,823	-19,805	-7,954
Budget financing: <sup>1</sup>												
Borrowing from the public.....	6,607	8,331	1,777	1,143	9,453	5,971	2,978	3,953	6,031	3,551	20,840	8,000
Reduction in cash balances, etc.	-3,504	4,973	-1,990	2,379	-2,098	-1,229	2,987	-2,842	-2,360	5,272	-1,035	-46
Total, budget financing.....	3,103	13,304	-213	3,522	7,355	4,742	5,965	1,111	3,671	8,823	19,805	7,954
Outstanding debt, end of year: <sup>1</sup>												
Gross amount outstanding.....	279,147	286,666	289,243	290,991	301,074	308,488	314,377	320,806	329,473	341,343	369,993	387,167
Held by the public.....	225,972	234,303	236,080	237,223	246,676	252,647	255,625	259,578	265,609	269,160	290,000	298,000

<sup>1</sup> Data represent results of preliminary adjustment to new budget concepts and may be revised later.

TABLE 17.—BUDGET OUTLAYS BY FUNCTION, 1958-69

Description	Actual										Estimate	
	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Expenditures:												
050 National defense.....	44,461	46,667	45,848	47,532	51,179	52,275	53,682	49,586	56,771	70,095	76,491	79,792
150 International affairs and finance.....	2,912	2,790	3,310	3,242	4,034	4,279	4,434	4,196	4,343	4,110	4,330	4,478
250 Space research and technology.....	89	145	401	744	1,257	2,252	4,171	5,091	5,932	5,424	4,804	4,574
350 Agriculture and agricultural resources.....	2,541	4,718	2,893	2,877	3,491	4,398	4,545	4,032	2,764	3,156	4,412	4,474
400 Natural resources.....	1,203	1,233	1,084	1,626	1,736	1,607	2,042	2,140	2,167	2,113	2,416	2,483
500 Commerce and transportation.....	2,922	4,367	4,643	4,929	5,193	5,516	6,283	7,043	6,789	7,308	7,695	7,996
550 Housing and community development.....	-36	30	21	157	160	193	151	116	442	578	698	1,428
650 Health, labor, and welfare.....	15,763	18,019	19,105	22,368	23,963	25,677	27,201	28,143	33,194	39,512	46,396	51,945
700 Education.....	375	550	659	740	842	953	1,109	1,309	2,449	3,602	4,157	4,364
800 Veterans benefits and services.....	5,076	5,183	5,063	5,392	5,378	5,666	5,552	5,634	5,707	6,366	6,798	7,131
850 Interest.....	6,936	7,070	8,299	8,108	8,321	9,215	9,810	10,358	11,285	12,548	13,535	14,400
900 General government.....	1,010	1,159	1,332	1,508	1,653	1,799	2,072	2,231	2,316	2,452	2,618	2,827
Special allowances.....											100	1,950
Undistributed adjustments to amounts above.....	-2,076	-2,239	-2,272	-2,506	-2,547	-2,666	-2,931	-3,164	-3,421	-4,022	-4,591	-5,049
Total, expenditures.....	81,177	89,693	90,385	96,717	104,660	111,465	118,122	116,715	130,740	153,238	169,856	182,797
Net lending:												
050 National defense.....	1	-12	-7	-41	(1)	-64	-31	-3	-1	-3	-2	-4
150 International affairs and finance.....	433	418	-235	127	528	-95	-283	-21	100	540	716	675
350 Agriculture and agricultural resources.....	472	700	457	462	648	731	642	777	911	1,221	899	1,135
400 Natural resources.....	3	6	11	18	21	18	23	16	19	19	7	7
500 Commerce and transportation.....	56	71	27	74	193	145	139	275	193	138	158	125
550 Housing and community development.....	165	1,064	1,078	64	490	-1,012	-301	-147	1,984	1,708	3,257	1,355
650 Health, labor, and welfare.....				(1)	1	2	2	19	32	572	21	-538
700 Education.....	165	180	204	201	231	288	225	229	376	445	384	335
800 Veterans benefits and services.....	261	245	363	296	248	-146	129	88	214	532	370	211
900 General government.....	-12	-14	-15	-3	-8	-11	-1	16	5	2	-40	-37
Total, net lending.....	1,544	2,659	1,882	1,198	2,351	-145	545	1,249	3,832	5,176	5,779	3,265
Total, expenditures and net lending.....	82,720	92,352	92,268	97,915	107,011	111,320	118,667	117,966	134,572	158,414	175,635	186,062

<sup>1</sup> Less than \$500,000.

BUDGET AND DEBT AS PERCENTAGE OF GNP

	Budget expenditures and net lending				Federal debt at end of year					Budget expenditures and net lending				Federal debt at end of year			
	Total		Of which, expenditures (excluding loans)		Total		Held by public			Total		Of which, expenditures (excluding loans)		Total		Held by public	
	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP		Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP
1958.....	82.7	18.8	81.2	18.4	279.1	63.4	226.0	51.3	1964.....	118.7	19.4	118.1	19.3	314.4	51.3	255.6	41.8
1959.....	92.4	19.7	89.7	19.1	286.7	61.1	234.3	49.9	1965.....	118.0	18.1	116.7	17.9	320.8	49.1	259.6	39.7
1960.....	92.3	18.6	90.4	18.3	289.3	58.4	236.1	47.7	1966.....	134.6	18.7	130.7	18.2	329.5	45.8	265.6	37.0
1961.....	97.9	19.3	96.7	19.1	291.0	57.5	237.2	46.8	1967.....	158.4	20.8	153.2	20.1	341.3	44.7	269.2	35.3
1962.....	107.0	19.7	104.7	19.3	301.1	55.5	246.7	45.5	1968 (estimate).....	175.6	21.5	169.9	20.8	370.0	45.3	290.0	35.5
1963.....	111.3	19.4	111.5	19.4	308.5	53.8	252.6	44.1									

## FEDERAL, STATE, LOCAL PUBLIC DEBT

Mr. Speaker, to help round out this résumé, I am including some pertinent

data on our public debt—Federal, State, local. Increased debt results from unbalanced budgets that have to be met by

borrowing to cover the difference. Accumulation of great debt in time of great stress is virtually unavoidable, but piling

it up—refusing to pay as we go—in times of unmatched general national prosperity with the accompanying flood of Treasury revenue is a policy that many, myself included, find unsettling.

Despite the population explosion that just recently put the United States over the 200,000,000 mark, we have been accumulating public debt at the various levels of government at such a rate that

the overall debt per capita keeps climbing.

I include a sheet on the Federal debt from a recent Treasury statement, and summarized per capita debt figures:

## SUMMARY OF DIRECT AND GUARANTEED DEBT ON SIGNIFICANT DATES

(Based upon statement of the public debt published monthly; consequently all figures are stated as of the end of a month)

Date		Classification	Total debt (including interest bearing debt, matured debt on which interest has ceased and debt bearing no interest)				General fund balance <sup>2</sup>
			Direct debt (gross)	Guaranteed debt <sup>1 2</sup>	Total direct and guaranteed debt	Per capita <sup>3</sup>	
WORLD WAR I							
Mar. 31, 1917	Prewar debt		\$1,282,044,346.28		\$1,282,044,346.28	\$12.36	\$74,216,460.05
Aug. 31, 1919	Highest war debt		26,596,701,648.01		26,596,701,648.01	250.18	1,118,109,534.76
Dec. 31, 1930	Lowest postwar debt		16,026,087,087.07		16,026,087,087.07	129.66	306,803,319.55
WORLD WAR II							
June 30, 1940	Debt preceding defense program		42,967,531,037.68	\$5,529,070,655.28	48,496,601,692.96	367.08	1,890,743,141.34
Nov. 30, 1941	Pre-Pearl Harbor debt		55,039,819,926.98	6,324,048,005.28	61,363,867,932.26	458.47	2,319,496,021.87
Feb. 28, 1946	Highest war debt		279,213,558,897.10	550,810,451.19	279,764,369,348.29	1,989.75	25,960,900,919.30
June 30, 1946	Debt at end of year in which hostilities ceased		269,422,099,173.26	476,384,859.30	269,898,484,032.56	1,908.79	14,237,883,295.31
Apr. 30, 1949	Lowest postwar debt <sup>4</sup>		251,530,468,254.82	22,851,485.16	251,553,319,739.98	1,690.29	3,995,156,916.79
SINCE KOREA							
June 30, 1950	Debt at time of opening of hostilities in Korea (hostilities began June 24, 1950)		257,357,352,351.04	19,503,033.97	257,376,855,385.01	1,696.74	5,517,087,691.65
Dec. 31, 1952			267,391,155,979.65	53,969,565.31	267,445,125,544.96	1,687.90	6,064,343,775.84
Nov. 30, 1967	Highest debt <sup>5</sup>		345,090,262,056.10	544,232,550.00	345,634,494,606.10	<sup>6</sup> 1,727.32	7,600,930,406.22
Dec. 31, 1966	Debt a year ago		329,319,249,366.68	494,643,600.00	329,813,892,966.68	<sup>7</sup> 1,664.80	6,011,249,124.82
Nov. 30, 1967	Debt last month		345,090,262,056.10	544,232,550.00	345,634,494,606.10	<sup>8</sup> 1,727.32	7,600,930,406.22
Dec. 31, 1967	Debt this month		344,663,009,745.18	545,038,100.00	345,208,047,845.18	<sup>9</sup> 1,723.69	7,045,807,409.15

<sup>1</sup> Does not include securities owned by the Treasury.

<sup>2</sup> Includes outstanding matured principal of guaranteed debt of U.S. Government agencies for which cash to make payment is held by the Treasurer of the United States in the general fund balance.

<sup>3</sup> Based upon estimates of the Bureau of the Census.

<sup>4</sup> Represents the lowest point of the debt at the end of any month following World War II. The lowest point of the debt on any day following that war was on June 27, 1949, when the debt was as follows:

Direct debt (gross)..... \$251,245,889,059.02  
Guaranteed debt of U.S. Government agencies..... 23,876,001.12

Total direct and guaranteed debt..... 251,269,765,060.14

<sup>5</sup> Represents the highest point of the debt at the end of any month. The highest point of the debt on any day was on Dec. 27, 1967, when the debt was as follows:

Direct debt (gross)..... \$346,414,318,295.49  
Guaranteed debt of U.S. Government agencies..... 545,038,100.00

Total direct and guaranteed debt (includes \$260,702,657.72 not subject to statutory limitation)..... 346,959,356,395.49

<sup>6</sup> Subject to revision.

<sup>7</sup> Revised.

## PER CAPITA DEBT—FEDERAL, STATE, LOCAL GOVERNMENTS

	Total	Federal	State	Local
1940.....	\$479	\$326	\$27	\$127
1946 (end of World War II).....	2,037	1,924	17	97
1950 (pre-Korea).....	1,861	1,702	35	125
1954 (post-Korea).....	1,925	1,683	60	182
1961.....	1,988	1,579	109	301
1966.....	2,179	1,632	149	399

Note: Federal debt on Dec. 31, 1967, as reported in the Treasury statement, was \$345,000,000,000. Debt ceiling for fiscal year 1968 is \$358,000,000,000; \$365,000,000,000 for fiscal year 1969. Per capita Federal debt on Dec. 31, 1967, was \$1,723, as reported in the Treasury statement.

Source: Tax Foundation.

## GOLD SUPPLY, POTENTIAL DOLLAR CLAIMS AGAINST IT, AND BALANCE-OF-PAYMENTS DEFICITS

Mr. Speaker, the following tabulation succinctly charts the steadily deteriorating condition of our gold supply, and the reserves and possible foreign claims against it, from 1957 down to last October—the last date for which complete data are available. Since that time, the supply of gold has shrunk significantly further—in round figures, to about \$12 billion, against which a “cover” requirement of some \$10.7 billion is currently required as backing for our currency, leaving only about \$1.3 billion in gold free for foreign and other sales.

I also include a list of our balance of international payments deficits of the last 18 years:

CURRENT DATA ON GOLD STOCK AND DOLLAR CLAIMS  
(In billions of dollars)

	U.S. gold stock	Gold stock (above required 25 percent backing for currency, and for deposits before March 1965)	Possible foreign claims	Potential shortage of gold with present 25 percent backing provision <sup>1</sup>
End of calendar year—				
1957.....	22.9	10.8	14.9	4.1
1958.....	20.6	8.5	15.6	7.1
1959.....	19.5	7.3	17.7	10.4
1960.....	17.8	6.1	18.8	12.7
1961.....	16.9	4.9	20.4	15.5
1962.....	16.1	3.7	21.4	17.7
1963.....	15.6	2.8	23.1	20.3
1964.....	15.5	1.8	25.6	23.8
1965.....	13.8	14.3	25.8	21.5
1966.....	13.2	3.2	27.8	24.6
9-year change.....	-9.7	-7.6	+12.9	+20.5
1967:				
January.....	13.2	3.4	26.9	23.5
February.....	13.2	3.4	26.9	23.5
March.....	13.2	3.4	26.9	23.5
April.....	13.2	3.5	27.3	23.8
May.....	13.2	3.3	27.6	24.3
June.....	13.2	3.2	27.6	24.4
July.....	13.1	3.1	28.0	24.9
August.....	13.1	3.0	28.7	25.7
September.....	13.1	3.0	29.1	26.1
October <sup>2</sup> .....	13.0	2.9	30.2	27.3
Change, end of 1957–October 1967.....	-9.9	-7.9	+15.3	+23.2

<sup>1</sup> Public Law 89-3 approved Mar. 3, 1965, eliminated the requirement for the maintenance of reserves in gold certificates against Federal Reserve bank deposit liabilities.

<sup>2</sup> Preliminary.

Source: U.S. Department of Commerce, Office of Business Economics.

## THE U.S. BALANCE-OF-PAYMENTS POSITION FOR THE LAST 18 YEARS, 1950-67

(Rounded amounts used)

Year	Deficit (–) or surplus (+)
1950.....	–\$3,489,000,000
1951.....	–8,000,000
1952.....	–1,206,000,000
1953.....	–2,184,000,000
1954.....	–1,541,000,000
1955.....	–1,242,000,000
1956.....	–973,000,000
1957.....	–578,000,000
1958.....	–3,365,000,000
1959.....	–3,870,000,000
1960.....	–3,901,000,000
1961.....	–2,370,000,000
1962.....	–2,203,000,000
1963.....	–2,671,000,000
1964.....	–2,800,000,000
1965.....	–1,335,000,000
1966.....	–1,357,000,000
1967 estimated (subject to revisions).....	–3,500,000,000
Total since 1950.....	–37,437,000,000

Note: Figures are computed on the liquidity basis.

Source: Survey of Current Business, June 1967.

## COST OF LIVING—BUYING POWER OF THE DOLLAR

Mr. Speaker, the matter of inflation and the consequent reduced buying power of the dollar is reflected in the official Government figures in the tables I am including herewith. A stable dollar is a cornerstone of our economic well-being in all its ramifications.

The consumers price index in December stood at 118.2 percent of the 1957–59 average; at 145.0 percent of the



1947-49 average; and at 244.1 percent of the 1939—pre-World War II—average.

As measured by the index, the buying power of the dollar was down to about 85 cents from the 1957-59 period; down to 69 cents from the 1947-49 period; and down to 41 cents as compared to its 1939 buying power.

## CONSUMER PRICE INDEX

YEARS	All items		
	1939=100	1947-49=100	1957-59=100
1939	100.0	59.4	48.4
1947	160.8	95.5	77.8
1948	173.1	102.8	83.8
1949	171.4	101.8	83.0
1957	202.4	120.2	98.0
1958	207.9	123.5	100.7
1959	209.8	124.6	101.5
1960	213.0	126.5	103.1
1961	215.2	127.8	104.2
1962	217.7	129.3	105.4
1963	220.4	131.0	106.7
1964	223.2	132.6	108.1
1965	227.0	136.2	109.9
1966	233.6	138.8	113.1
1967			
January	236.9	140.7	114.7
February	237.1	140.9	114.8
March	237.5	141.1	115.0
April	238.1	141.5	115.3
May	238.7	141.8	115.6
June	239.5	142.3	116.0
July	240.6	142.9	116.5
August	241.4	143.4	116.9
September	241.8	143.7	117.1
October	242.6	144.2	117.5
November	243.3	144.5	117.8
December	244.1	145.0	118.2
Selected months			
1946 June	134.3	79.8	65.0
1950 June	171.4	101.8	83.0
1952 December	192.1	114.1	93.0
1958 December	208.2	123.7	100.8
1959 December	211.3	125.5	102.3
1960 December	214.6	127.5	103.9
1961 December	215.8	128.2	104.5

Source: Department of Labor and Office of Financial Analysis.

PURCHASING POWER OF THE DOLLAR<sup>1</sup>

YEARS	1939=\$1	1947-49=\$1	1957-59=\$1
1939	\$1.000	\$1.684	\$2.066
1947	.622	1.047	1.285
1948	.578	.973	1.194
1949	.583	.982	1.205
1957	.494	.832	1.021
1958	.481	.810	.994
1959	.477	.803	.985
1960	.469	.791	.971
1961	.465	.782	.960
1962	.459	.773	.949
1963	.454	.764	.937
1964	.448	.754	.925
1965	.441	.734	.910
1966	.428	.720	.884
1967			
January	.422	.711	.872
February	.422	.710	.871
March	.421	.709	.870
April	.420	.707	.867
May	.419	.705	.865
June	.418	.703	.862
July	.416	.700	.858
August	.414	.697	.855
September	.414	.696	.854
October	.412	.693	.851
November	.411	.692	.849
December	.410	.690	.846
SELECTED MONTHS			
1946 June	.745	1.253	1.537
1950 June	.583	.982	1.205
1952 December	.521	.876	1.075
1958 December	.480	.808	.991
1959 December	.473	.797	.978
1960 December	.466	.784	.962
1961 December	.463	.780	.957

<sup>1</sup> As measured by the BLS Consumer Price Index.

Source: Department of Labor.

## CONCLUSION

Mark Twain once said:

Thunder is good. Thunder is impressive. But it is lightning that does the work.

It seems to me that we need lots of thunder about economy and restraint and discipline. I suspect we will not be disappointed. We need to thoroughly ventilate our fiscal requirements and problems. But we also need lots of lightning to get results.

If I may recapitulate a few things:

A budget has two sides—income as well as outgo. It involves the work of many committees and all Members. There are some 16 billions of dollars of income—for fiscals 1968 and 1969 combined—that this budget assumes will derive from tax and user charge legislation not yet enacted.

There are about \$1 billion of new propositions of legislation in the budget that will first have to run legislative committee gauntlets.

There is some \$36.5 billion involved in the various annual authorizing bills, or other bills for programs whose legislative authorities expire and must first be renewed in bills from various legislative committees if the programs are to continue. Congress gets two bites at these particular budget items—first at the authorizing stage, then the appropriation stage. There are many opportunities to take cold, hard, critical looks at billions of new obligatory authority.

It would seem imperative that we show minus signs all up and down the line in every instance where we safely can in making budget decisions. We should hack at the roots as well as at the branches.

The Committee on Appropriations begins consideration of the portions of the budget committed to it with some general hearings on Thursday of next week, February 8, with the Secretary of the Treasury and the Director of the Budget. We expect to cooperate fully with the announced plans to try to conclude the session business before the national conventions this summer. There is much to be done. We need timely passage of the several authorizing bills involved.

We would welcome every constructive suggestion that might help in doing a better job on the business at hand.

The SPEAKER pro tempore (Mr. OLSEN). The time of the gentleman from Texas has again expired.

The Chair recognizes the gentleman from Ohio [Mr. Bow] for 8 minutes.

Mr. BOW. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include tables and other extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. BOW. Mr. Speaker one stark and inescapable truth portrayed by the proposed increases in spending is the fact that the Johnson administration still refuses to heed the taxpayers' demands for expenditure restraint at the Federal level. These taxpayer demands for economy were unequivocally expressed to the administration by the House on several occasions last year when we made substantial cuts in appropriation requests and imposed ceilings on spending in the current year.

Since this administration is still unwilling to make any real sacrifice in be-

half of fiscal responsibility, Congress, alone, will have to put the Nation's fiscal house in order. We simply cannot expect our soldiers, sailors, airmen, and marines in Vietnam and the taxpayers here at home to make all the sacrifices necessary to win the war and protect our country from fiscal chaos.

## THE FISCAL RESTRAINT THAT IS NEEDED

When an administration refuses to exercise fiscal restraint the most desirable way to hold down spending is for the Congress to reduce requested appropriations. However in recent years we have been, and are still, faced with very abnormal circumstances—on the one hand we are financing a hot war in Vietnam and on the other we are expected to finance expansion of Great Society programs and to continue business as usual here at home. Never before the present Vietnam war had we attempted such a feat and we now have evident proof that it cannot be accomplished except either through the imposition of an ever-increasing burden of direct taxation or through the covert and insidious tax of inflation.

Since the administration is now flirting with financial disaster at home and abroad, Congress should take no less than the following actions with respect to the 1969 budget if it is to materially alter the dangerous course we are now on:

First. Except for costs of the Vietnam war and other emergency defense needs that may exceed budget estimates, Congress should impose an administrative budget expenditure ceiling for fiscal 1969 of not more than the \$137.2 billion now scheduled for expenditure in fiscal 1968.

Second. Congress should reduce fiscal 1969 appropriation requests by at least as much as expenditures are reduced by the expenditure limitation I propose.

If Congress will accomplish these two goals, there will be no need to impose the additional taxes proposed by the administration. And, we will have taken a giant step against inflationary price increases and further erosion of the dollar.

Following the President's state of the Union message of January 17 last, my distinguished friend from Texas [Mr. MAHON] made some comments with respect to the President's fiscal program. I was heartened indeed by his independent and persuasive challenge to Congress which was expressed in part as follows:

In all but the imperative necessities, we ought to close our eyes to each and every increase requested over the present level. We ought to show minus signs all up and down the line. Hold the line at the present level—make do with what we have.

Reject the unnecessary. Defer the desirable. Minimize the essential. All it takes is good old fashioned will—and a majority vote.

I do hope that the gentleman from Texas can and will prevail on Members from his side of the aisle to follow his admonitions. I can assure him that we on this side are ready and willing, as we were last year and in earlier Congresses, to put the Nation's fiscal house in order now. We should not wait until it is too late to prevent the disastrous results which will flow from continuance of the fiscal excesses which we have witnessed in recent years.

Just where, Mr. Speaker, is the fiscal restraint which is emphasized so strongly in the budget message and was emphasized by administration spokesmen who appeared before the Ways and Means Committee last week?

#### SUMMARY OF THE 1969 BUDGET

Under its new unified concept, the 1969 budget can be summarized as follows: The President proposes expenditures of \$186.1 billion. Including the effect of his tax proposals, he anticipates revenues of \$178.1 billion and a deficit of \$8 billion. If Congress should not enact his tax proposals, including the extension of certain excises, the deficit would be \$21.2 billion. In the present fiscal year of 1968, spending will total \$175.6 billion, revenues \$155.8 billion and the deficit will be \$19.8 billion with timely adoption of the tax proposals and \$22.8 billion without their adoption.

Under the traditional administrative budget, which accounts for the receipt and expenditure of Government-owned funds as contrasted to trust funds, the President proposes expenditures of \$147.4 billion in fiscal 1969. If his tax program is approved as proposed, he anticipates revenues of \$135.6 billion and a deficit of \$11.8 billion. Without the proposed tax increases and extensions, the deficit would be \$25 billion. In 1968, spending under the administrative budget will total \$137.2 billion, revenues \$118.6 billion, and the resulting deficit will be \$18.6 billion if the tax proposals are adopted, and \$21.6 billion without their adoption.

The President's budget and last week's testimony of administration spokesmen before the Ways and Means Committee emphasize that the rate of growth in Federal spending has been curtailed and the increase in 1969 over 1968 outlays is \$10.4 billion under the unified budget concept and \$10.2 billion under the administrative budget. The President's budget message also indicates that growth in revenues between 1968 and 1969 is expected to be \$11.5 billion. Thus, revenues from the proposed tax increases "will be applied toward reducing the budget deficit," not to finance the proposed increases in spending.

Of course, these numbers do not tell the whole story because receipts in the trust fund accounts are increasing more rapidly than trust fund outlays. Moreover, prior to adoption of the unified budget concept, trust funds were not commingled with Government-owned funds in arriving at the budget surplus or deficit. Without the expenditure offsets that are proposed in the unified budget, the real growth in expenditures of Government-owned funds in fiscal 1969 over 1968 will be more than \$12 billion. At the same time, Government-owned receipts under existing tax laws in 1969 will rise by only \$9.5 billion over 1968. Thus, the real increase in spending will outstrip by \$2.5 billion the revenue increases resulting from further inflation in the economy.

#### WHERE HAVE EXPENDITURE INCREASES OCCURRED?

Fiscal 1965 was the first full year of budget responsibility by the Johnson administration. After our escalated involvement in the Vietnam war beginning with

fiscal 1966 and continuing to the present time, the administration has emphasized our necessary war spending as the principal culprit causing the ever-increasing size of administrative budget spending. Let us examine the record to determine just what has occurred in this regard.

Administrative budget expenditures in fiscal 1965 totaled \$96,507 million of which defense costs in Vietnam were \$103 million, leaving a balance of \$96,404 million for other Government spending. In fiscal 1969 administrative budget expenditures are estimated to total \$147,363 million of which \$25,784 million will be for defense in Vietnam, leaving a balance of \$121,579 million for other Government spending. Thus, defense costs in Vietnam have increased by \$25,681 million over the period from 1965 to 1969. Over the same period other Government spending

has increased \$25,175 million, or just \$506 million less than the increase for defense in Vietnam. On a percentage basis, non-Vietnam spending increased by 26 percent over the years from 1965 to 1969. Moreover, it is apparent that during this period when Vietnam defense costs were escalating, no significant effort was made by the administration to restrain other Government spending.

The table which follows details on a functional basis where increases in spending have occurred. While national defense spending—including defense costs of Vietnam—has increased by 61 percent and by 9 percent without Vietnam, other program increases far exceed the defense category. And, it is significant that only in the category of space research and technology has the administration effected any cutback.

#### BUDGET OUTLAYS BY FUNCTION

[Dollar amounts in millions]

	1965 actual	1969 estimate	Increases 1969 over 1965	
			Amount	Percent
National defense.....	\$49,583	\$79,788	+\$30,205	+60.9
Excluding Vietnam.....	(49,480)	(54,004)	(\$+4,524)	(+9.1)
International affairs and finance.....	4,175	5,153	+978	+23.4
Space research and technology.....	5,091	4,574	-517	-10.2
Agriculture and agricultural resources.....	4,809	5,609	+800	+16.6
Natural resources.....	2,156	2,490	+334	+15.5
Commerce and transportation.....	7,318	8,121	+803	+11.0
Housing and community development.....	-31	2,783	+2,814	-----
Health, labor, and welfare.....	28,162	51,407	+23,245	+82.5
Education.....	1,538	4,699	+3,161	+205.5
Veterans benefits and services.....	5,722	7,342	+1,620	+28.3
Interest.....	10,358	14,400	+4,042	+39.0
General government.....	2,247	2,790	+543	+24.2
Special allowances.....	-----	1,950	+1,950	-----
Undistributed adjustments to amounts above.....	-3,164	-5,049	-1,885	-----
Total, expenditures and net lending.....	117,966	186,062	+68,096	+57.7

From this record of nonwar spending it is little wonder that we are experiencing ever increasing budget deficits and the capricious tax of inflation.

All of us do understand that receipts and expenditures under the trust funds are rising rapidly but let us turn to the administrative budget and see what is happening there. Administrative budget expenditures for fiscals 1968 and 1969 are set forth in the table that follows. It is significant to note that in only four agencies are 1969 expenditures projected to be less than 1968 and they only

amount to \$581 million in the aggregate.

Those agencies and the reductions are:  
Department of Defense—civil—down \$30 million.

Department of Labor—down \$1 million.

Post Office Department—down \$320 million. Of course, the postal rate increase which became effective earlier this month is responsible for this decrease.

National Aeronautics and Space Administration—down \$230 million.

#### ADMINISTRATIVE BUDGET EXPENDITURES

[In millions]

Agency	1968 estimate	1969 estimate	1969 increase over 1968
Legislative branch.....	\$285	\$296	+\$11
The judiciary.....	95	101	+6
Executive Office of the President.....	32	33	+1
Funds appropriated to the President.....	4,808	4,900	+92
Department of Agriculture.....	6,520	7,220	+700
Department of Commerce.....	856	910	+54
Department of Defense:			
Military.....	73,930	76,881	+2,951
Civil.....	1,401	1,371	-30
Department of Health, Education, and Welfare.....	13,156	14,515	+1,359
Department of Housing and Urban Development.....	495	1,249	+754
Department of the Interior.....	1,542	1,717	+175
Department of Justice.....	443	504	+61
Department of Labor.....	713	712	-1
Post Office Department.....	1,087	767	-320
Department of State.....	421	431	+10
Department of Transportation.....	1,570	2,093	+523
Treasury Department.....	15,493	16,440	+947
Atomic Energy Commission.....	2,333	2,546	+213
General Services Administration.....	648	673	+25
National Aeronautics and Space Administration.....	4,805	4,575	-230
Veterans' Administration.....	6,325	6,818	+493
Other independent agencies.....	804	1,322	+518
Allowances for:			
Civilian and military pay increase.....	-----	1,600	+1,600
Contingencies.....	100	350	+250
Interfund transactions.....	-678	-660	+18
Total, administrative budget expenditures.....	137,182	147,363	+10,181



THE ADMINISTRATION'S BUDGET REDUCTION  
AND REFORM PROPOSALS

The budget message details 38 areas in which the President proposes to reduce program levels by \$1,632 million below the funding for 1968. The message also details 12 program reforms which would reduce 1969 program levels by \$1,235 million below the level of funds appropriated for 1968. Together, the budget reduction and reform proposals are expected to reduce 1969 program levels by \$2,867 million; however these reductions are offset by expansions in other programs. Not all expenditure savings from these program reductions will occur in 1969.

The individual reduction and reform proposals are:

[In millions]	
<b>Reductions:</b>	
Farm operating loans.....	\$50
Rural electrification loans.....	45
Forest roads and trails.....	29
Sewer and water loans.....	22
Water and sewer grants.....	3
Watershed protection program.....	17
Flood prevention program.....	11
Agricultural research.....	15
Forest protection and utilization.....	2
Great plains conservation program.....	2
Other agricultural programs.....	1
Ship construction.....	156
Maritime research.....	7
College facility grants.....	224
Books, equipment, guidance and testing grants.....	120
Health research facilities construction.....	29
School aid to federally impacted areas.....	17
Medical library construction grants.....	10
Grants for basic water and sewer facilities.....	25
Public facility loans.....	10
Special assistance for market rate mortgages.....	27
Reclamation program.....	27
Indian construction programs.....	22
Road programs.....	6
Sport fisheries construction.....	5
Commercial fisheries construction.....	1
New prison construction.....	1
Educational exchange.....	1
Production of special nuclear materials.....	12
Nuclear rocket program.....	10
Space electric power.....	8

## [In millions]

## Reductions—Continued

Civilian application of nuclear explosives.....	\$6
GSA construction.....	143
Manned and unmanned exploration.....	447
NSF institutional science programs.....	31
SBA business loans.....	40
SBA economic opportunity loans.....	25
SBA investment company loans.....	25
<b>Total reductions.....</b>	<b>1,632</b>
<b>Reforms:</b>	
Agricultural conservation payments.....	120
Federally impacted school aid (nothing in 1969 but \$100 million in 1970).....	
Private housing.....	669
User charges—Longshoremen and Harbor Workers.....	3
Airway services—increased users tax.....	40
Waterways—users tax.....	7
Highway trucking increased taxes.....	239
Eliminate statutory payments for veterans compensation for arrested tuberculosis.....	54
Eliminate duplication with social security for veterans burial benefits.....	46
Count railroad retirement benefits as part of income in setting amount of veterans pension.....	7
SBA disaster loans.....	50
Raise interest rate for water resources projects—no immediate savings.....	
<b>Total reforms.....</b>	<b>1,235</b>
<b>Total reductions and reforms.....</b>	<b>2,867</b>

Many of the foregoing program reductions and reforms will require legislative action by the Congress. A number of them have been recommended in prior-year budgets but the Congress, in its wisdom, declined to approve them. To the extent that Congress does not approve them this year, spending authority and actual spending will rise above current budget estimates for expenditures and the deficit.

## PROGRAM EXPANSION IN THE 1968 BUDGET

Mr. Speaker, without any attempt on my part to assay the merits of any individual program increases, I do want to point to Members some areas where substantial increases are occurring. Budget

outlays for fiscals 1968 and 1969 and the new obligational authority for 1969 are listed in the table which follows. In those instances where new obligational authority exceeds spending, it is apparent that spending will rise even further in the years following fiscal 1969.

## [In millions of dollars]

	Outlays		New obligational authority for 1969
	1968	1969	
National defense.....	76,489	79,789	82,317
International affairs and finance.....	5,046	5,153	5,308
Farm income stabilization.....	3,428	3,459	4,178
Economic development assistance.....	153	186	229
Highways.....	4,363	4,391	4,872
Small business assistance.....	114	67	150
Public housing programs.....	297	350	380
Model cities.....	25	250	1,000
Urban renewal.....	499	699	750
Urban mass transportation.....	100	150	190
Supplements to private housing market.....	744	456	1,205
Medical research.....	1,065	1,079	1,235
Civil service retirement and disability.....	2,121	2,364	3,740
Elementary and secondary education.....	1,070	1,073	1,200
Training of education manpower.....	13	57	216
Interest on the public debt.....	14,350	15,200	15,200

## FEDERAL EMPLOYMENT IS STILL INCREASING

The budget anticipates a further increase in 1969 over 1968 of 45,600 full-time permanent employees in the Executive Branch. The table which follows reflects that only the Selective Service System is expected to decrease its personnel strength in 1969 below the level of 1968 and the decrease will only total 300 employees. All other agencies expect increases, some of which are substantial and alarming: 17,800 in the Post Office, 3,400 in Defense, 3,400 in Health, Education, and Welfare, 1,400 in Housing and Urban Development, 2,400 in Interior, 1,000 in Labor, 1,900 in Transportation, 3,500 in the Treasury, 1,400 in General Services Administration, 1,900 in Veterans Administration and so on through the executive branch.

Surely, Mr. Speaker, economies can be effected in civilian employment without adverse effect upon the essential functions of Government.

## SUMMARY OF FULL-TIME PERMANENT EMPLOYMENT IN THE EXECUTIVE BRANCH

Agency	As of June—			Increase, 1969 over 1968
	1967 actual	1968 estimate	1969 estimate	
Department of Defense, military and military assistance.....	1,193,657	1,220,500	1,223,500	3,000
Post Office Department.....	528,254	550,600	568,400	17,800
<b>Subtotal.....</b>	<b>1,721,911</b>	<b>1,771,100</b>	<b>1,791,900</b>	<b>20,800</b>
Department of Agriculture.....	85,723	85,800	86,300	500
Department of Commerce.....	25,900	26,200	27,000	800
Department of Defense, civil.....	31,980	32,200	32,600	400
Department of Health, Education, and Welfare.....	97,792	105,400	108,800	3,400
Department of Housing and Urban Development.....	14,250	14,800	16,200	1,400
Department of the Interior.....	60,606	61,100	63,500	2,400
Department of Justice.....	33,176	33,650	34,200	550
Department of Labor.....	9,461	9,700	10,700	1,000
Department of State.....	26,849	26,900	27,000	100
Agency for International Development.....	16,713	17,600	18,100	500
Peace Corps.....	1,240	1,400	1,600	200
Department of Transportation.....	55,187	57,700	59,600	1,900
Treasury Department.....	81,591	82,000	85,500	3,500
Atomic Energy Commission.....	7,013	7,150	7,300	150
General Services Administration.....	37,117	38,300	39,700	1,400
National Aeronautics and Space Administration.....	33,726	32,400	32,600	200
Veterans' Administration.....	150,225	152,100	154,000	1,900
Other agencies:				
Selective Service System.....	7,085	7,200	6,900	-300
Small Business Administration.....	4,142	4,300	4,700	400
Tennessee Valley Authority.....	11,903	12,350	12,700	350
The Panama Canal.....	14,571	14,950	15,000	50
U.S. Information Agency.....	11,686	11,650	11,700	50
Miscellaneous agencies <sup>1</sup> .....	32,204	33,550	35,100	1,550
<b>Subtotal.....</b>	<b>850,140</b>	<b>868,400</b>	<b>890,800</b>	<b>22,400</b>
Allowance for contingencies.....		2,400	4,800	2,400
<b>Total.....</b>	<b>2,572,051</b>	<b>2,641,900</b>	<b>2,687,500</b>	<b>45,600</b>

<sup>1</sup> Excludes member-employees of the Soldiers' Home.

In the 4 years since the end of fiscal 1965, full-time permanent employment in the executive branch will have increased by 454,747 to a total of 2,687,500 civilian employees. That represents an increase

of more than 20 percent and in that period employment has decreased in only one agency, the National Aeronautics and Space Administration, and then by only 1.5 percent.

I have had the following table prepared so that Members and the public may see where and by how much the administration has increased Federal civilian employment.

FULL-TIME PERMANENT CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH AS OF JUNE 30

	1965 actual	1969 estimate	Increases 1969 over 1965			1965 actual	1969 estimate	Increases 1969 over 1965	
			Number	Percent				Number	Percent
Department of Agriculture.....	80,103	86,300	+6,197	+7.7	National Aeronautics and Space Adminis-				
Department of Commerce.....	24,508	27,000	+2,492	+10.2	tration.....	33,082	32,600	-482	-1.5
Department of Defense, civil.....	29,902	32,600	+2,698	+9.0	Veterans' Administration.....	147,007	154,000	+6,993	+4.8
Department of Health, Education, and Wel-					Other agencies:				
fare.....	81,741	108,800	+27,059	+33.1	Selective Service System.....	5,746	6,900	+1,154	+20.0
Department of Housing and Urban Develop-					Small Business Administration.....	3,567	4,700	+1,133	+31.7
ment.....	13,427	16,200	+2,773	+20.7	Tennessee Valley Authority.....	11,268	12,700	+1,432	+12.7
Department of the Interior.....	56,716	63,500	+6,784	+12.0	The Panama Canal.....	14,083	15,000	+917	+6.5
Department of Justice.....	32,620	34,200	+1,580	+4.8	U.S. Information Agency.....	11,405	11,700	+295	+2.6
Department of Labor.....	8,913	10,700	+1,787	+20.0	Miscellaneous agencies.....	29,127	35,100	+5,973	+20.4
Post Office Department.....	461,211	568,400	+107,189	+23.2	Allowance for contingencies.....		4,800	+4,800	
Department of State.....	23,398	27,000	+3,602	+15.4	Subtotal.....	1,258,085	1,464,000	+205,915	+16.4
Agency for International Development.....	14,713	18,100	+3,387	+23.0	Department of Defense, military and military				
Peace Corps.....	1,061	1,600	+539	+50.8	assistance.....	974,668	1,223,500	+248,832	+25.5
Department of Transportation.....	153,550	59,600	-6,050	-11.3	Total.....	2,232,753	2,687,500	+454,747	+20.4
Treasury Department.....	178,520	85,500	-6,980	-8.9					
Atomic Energy Commission.....	7,047	7,300	+253	+3.6					
General Services Administration.....	35,370	39,700	+4,330	+12.2					

<sup>1</sup> Adjusted for transfers to Department of Transportation.

#### THE ADMINISTRATION'S TAX PROPOSALS

The President has renewed his request for a 10-percent surcharge on individual and corporation income taxes; such a surcharge to be effective January 1, 1968, for corporations and April 1, 1968, for individuals.

He has also proposed extension of the 10-percent telephone excise tax and the 7-percent automobile excise tax beyond April 1, 1968, when they would drop to 1 and 2 percent, respectively, under existing law.

Also, he has recommended the imposition of certain user charges, principally in the field of transportation. If imposed by Congress, these user charges would be accounted for as reductions in spending rather than increases in revenue.

The table which follows reflects budget receipts in 1968 and 1969 under proposed legislation and under existing law:

#### BUDGET RECEIPTS

(In billions)

	1968	1969
Individual income taxes.....	\$67.7	\$80.9
Corporation income taxes.....	31.3	34.3
Excise taxes.....	13.8	14.7
Employment taxes.....	29.7	34.2
All other receipts.....	13.3	14.1
Total.....	155.8	178.1
Under existing law.....	152.8	165.0
Under proposed legislation:		
Tax measures.....	3.0	12.9
User charges.....		.3

Social Security Act amendments of last year, which expanded the annual wage base from \$6,600 to \$7,800 effective last January 1 and increased the combined employer-employee payroll tax from 8.8 percent to 9.6 percent effective next January 1, plus growth in employment will result in an increase of \$4.4 billion of employment taxes in 1969.

The increased employment tax burden, along with recent and anticipated increases in State and local taxes are making it difficult for many taxpayers to cope with the rising cost of living that

has followed the deficit financing of Federal activities.

In the absence of a significant sacrifice in nondefense spending by the Federal Government, it would be unconscionable for Congress to compound with a surtax the difficulties now being encountered by taxpayers generally in meeting the rising costs of living.

#### CONSUMER CREDIT PROTECTION ACT

Mrs. SULLIVAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Missouri?

There was no objection.

Mrs. SULLIVAN. Mr. Speaker, the first major piece of legislation scheduled for House consideration in this session is H.R. 11601, the Consumer Credit Protection Act, which we are to take up tomorrow afternoon. This is the measure which contains truth-in-lending requirements in its title I.

As the principal sponsor of H.R. 11601 and as chairman of the Subcommittee on Consumer Affairs which held comprehensive hearings on the legislation, I am convinced that this bill is one of the most important we will consider in this entire session, particularly from the standpoint of the consumer.

Since the bill was scheduled rather suddenly, I am hoping that there has been sufficient time for the Members of the House to hear from their own people back home, particularly the local businessmen and bankers who will be very adversely affected by a special interest amendment for the big department stores and mail-order houses. This amendment—dealing with revolving credit—was adopted in committee, and was not part of my original bill. I will oppose that amendment when it is called up under the 5-minute rule.

I know that many Members have been hearing recently from bankers and independent businessmen in their districts about the unfairness and discriminatory nature of this amendment. They are telling the truth—the amendment is terribly unfair. It must be defeated, or you are going to have one set of rules on credit disclosure for the giant retail chains and another set of rules—much more stringent—for the small local merchant and the local banker. That is what this controversy is all about. So I hope the Members will be on the floor when this bill is up, particularly while the bill is debated under the 5-minute rule when the controversial committee amendments will be before us.

#### MCCARTHY'S CUBAN COMMENTS STRAIGHT FROM IVORY TOWER

Mr. ROGERS of Florida. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROGERS of Florida. Mr. Speaker, I was both surprised and concerned to read that Senator EUGENE MCCARTHY has suggested that Cuba join the community of nations in the Western Hemisphere.

Such a statement can only be credited to ivory-towered intellectual advisers at best and dangerous if taken seriously. I can not imagine anyone in the Congress who has followed the violent trail which Fidel Castro has carved for Cuba setting forth such a suggestion.

We have seen and heard Castro's Communist philosophy bring ruin to Cuba. We have heard his pledge to export revolution and overthrow governments in the Western Hemisphere. And we have seen within the year the violence which has resulted in the implementation of this pledge.

To admit or encourage Cuba to join



the nations of this hemisphere would be like asking Carmichael to lead the war on crime.

I am indeed surprised that anyone knowledgeable with the events in Latin America for the past 10 years would suggest such a move. And I am especially concerned that a presidential aspirant would do so.

#### THE NEAR EAST SITUATION

Mr. THOMPSON of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. THOMPSON of Georgia. Mr. Speaker, the entire attention of the Nation seems at this moment to be focused on the crisis surrounding the U.S. naval ship *Pueblo* and its seizure by the North Koreans.

I have communicated to the President my feelings that this act cannot be tolerated, and that this Nation will stand forcibly behind the President in taking all measures necessary to secure the release of the *Pueblo* and its crew.

However, Mr. Speaker, I am concerned that in our preoccupation with the Far Eastern situation, we may tend to overlook the development in one of the most strategic areas of the world; namely, the Near East.

History has recorded the brief victorious struggle of Israel with its Arab neighbors this past year.

The United States has in the past supplied little if any military equipment to Israel, most of their equipment being of British or French manufacture. Although Israel had on order a number of aircraft from France and indeed has paid part of the purchase price of these aircraft, De Gaulle has now stated that he will no longer sell to this valiant nation.

Mr. Speaker, I am convinced that Israel is one of the most self-sufficient countries of the world so far as their determination and will to survive is concerned. Likewise, this valiant nation is one of the strongest allies we have in the Middle East.

We must at this time make arrangements to see that the strength of Israel is maintained and that Israel has a means of obtaining the weapons necessary to protect itself and help secure the peace in this vital area of the world.

Now that France will no longer provide the needed supplies, we, the United States, should make available aircraft and other military equipment needed for the defense of Israel as a means of assuring the peace in this area, for if Israel is allowed to weaken as a nation her Arab neighbors are more likely to start a war with Israel than if Israel is able to maintain its strength.

#### THE "PUEBLO" CRISIS

Mr. QUILLLEN. Mr. Speaker, I ask unanimous consent to address the House

for 1 minute, to revise and extend my remarks, and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. QUILLLEN. Mr. Speaker during a crisis like this we are first of all Americans, and we must rally to whatever action is necessary.

Taking an American ship by force, capturing and holding the crew—these are acts of war against our country.

And the Communists have slapped us around long enough. But first of all how could the North Koreans accomplish such a feat?

We have the best Navy in the world.

We have the best Air Force in the world.

We have the best Army in the world. And we are at war—declared or not—in Vietnam, not far from where our ship was taken. We have committed hundreds of thousands of men and billions of dollars to the Asian conflict.

Yet the North Korean Communists slapped us again with a deliberate act of aggression.

Are they now torturing our men?

What is this country going to do?

We don't want war, but neither can we tolerate such an act of war against us.

We must have the courage bold to put our foot down firmly and demand the release of our men and our ship. If they do not comply within the specified time of our demand, then we must go in and get our men and our ship.

There is no other honorable course for us to follow.

#### DREW PEARSON SPREADS MISINFORMATION

The SPEAKER pro tempore (Mr. UDALL). Under previous order of the House, the gentleman from Iowa is recognized for 30 minutes.

Mr. GROSS. Mr. Speaker, through his syndicated newspaper column, Drew Pearson has spread more misinformation about our Government than any other purveyor of news in the Nation's Capital. Unquestionably—and unquestioningly—he has eagerly accepted for publication substantially any type of information from substantially any type of source.

Drew Pearson's unreliability and irresponsibility are evident to all who have access to the real facts underlying his columns. Knowingly, he has published information from classified documents taken from official Government files. He also has knowingly published rumor and gossip—and in one case with which I am personally familiar, he even printed the text of a completely fictitious letter involving officials of the State and Justice Departments which was sent him in 1966 by an anonymous source. The same fictitious letter had been sent to other members of the Washington press corps by this anonymous source. They had the good judgment and journalistic integrity to check at the Justice and State Departments, where they learned that the letter was a sham. Pearson did not.

In view of the lamentable lack of principle and integrity which have characterized Drew Pearson's career as a journalist, I have learned to be suspicious of any campaign which he launches in his column. Thus it was that my skepticism and curiosity were aroused in the fall of 1966 when Pearson began a series of articles—a series which continues to this very day—indicating genuine concern on his part regarding the issue of invasion of privacy.

To my knowledge, neither Pearson nor his associate, Jack Anderson, has shown respect for the privacy of any person, organization or cause. When they began indignantly charging in their column that the Federal Bureau of Investigation had engaged in widespread and unauthorized use of electronic eavesdropping equipment, I decided to contact the FBI and request a statement of the facts.

In his column published in the November 28, 1966, issue of the Washington Post, Pearson asserted that the Department of Justice had made a "confession" in the Fred B. Black case "that J. Edgar Hoover had been eavesdropping and wiretapping for years, apparently without the knowledge of the Attorney General." After reading this column, I wrote Director Hoover a letter which stated, in part:

It has come to my attention that there have been many news stories that have indicated that the FBI has engaged in "eavesdropping" and wiretapping without authorization from the Attorney General. . . . It had been my impression in the past that the FBI engaged in "eavesdropping" and wiretapping only upon authority from the Attorney General. It was my understanding that the FBI has adhered to this policy, and that there exists "full documentation" of the fact that the FBI actions were authorized by the Attorney General.

I then asked Mr. Hoover for either official documentation or his personal assurance that the FBI did, in fact, have authority for the use of electronic equipment that resulted in the overhearing of the conversations of Robert G. "Bobby" Baker, Fred B. Black, and others.

Mr. Hoover answered my letter on December 7, 1966. In his reply, he stated—

Your impression that the FBI engaged in the usage of wiretaps and microphones only upon the authority of the Attorney General of the United States is absolutely correct. You are also correct when you state . . . that "full documentation" exists as proof of such authorizations.

Mr. Hoover further pointed out to me that—

All wiretaps utilized by the FBI have always been approved in writing, in advance, by the Attorney General.

The instrument in question in the Fred Black case was a microphone—and not a wiretap. Since this microphone had been installed during ROBERT KENNEDY's tenure as Attorney General, Mr. Hoover furnished me a copy of a communication dated August 17, 1961, bearing ROBERT KENNEDY's personal signature which clearly reflected his approval, as Attorney General, for the FBI's use of special facilities in connection with "micro-

phone surveillances" in both security and major criminal cases.

Mr. Hoover also furnished me a copy of a letter dated May 25, 1961, on Department of Justice stationery which Herbert J. Miller, who then was Assistant Attorney General in charge of the Criminal Division of the Justice Department, had written to Senator SAM J. ERVIN. In this letter, Mr. Miller reported that he had "checked with the Federal Bureau of Investigation" regarding its use of "electronic eavesdropping apparatus." He told Senator ERVIN that—

As in the case of wiretapping, the technique of electronic listening devices is used on a highly restricted basis. The Federal Bureau of Investigation has 87 of these devices in operation. The majority are in the field of internal security with a few used to obtain intelligence information with regard to organized crime."

In his letter dated December 7, 1966, Mr. Hoover also brought to my attention a conference which he had had with Attorney General Nicholas Katzenbach on March 30, 1965. During this conference, Mr. Hoover and Mr. Katzenbach discussed "strong, simple control by the Attorney General of procedures affecting electronic devices utilized by all Federal investigative agencies."

Mr. Hoover's letter to me in December 1966—together with the documents which the FBI released that month showing ROBERT KENNEDY's personal knowledge and approval of the FBI's use of electronic equipment while he was Attorney General—makes it indelibly clear that microphones and wiretaps have been utilized in FBI cases only on a very limited and carefully supervised basis and always in keeping with policies laid down by Mr. Hoover's superiors.

Despite these well-publicized facts, Drew Pearson has written another column—this one published in the January 22, 1968, issue of the Washington Post—containing more misstatements and, in accepted Pearson practice, hopelessly muddling the facts.

First, Pearson makes reference to an FBI "wiretap" in the Fred Black case. The public record clearly shows that a microphone, not a wiretap, was utilized by the FBI in this investigation. The public record also shows that the FBI acted under authority specifically granted by the Department of Justice in installing this microphone.

In July 1966, the then Solicitor General Thurgood Marshall submitted a memorandum to the Supreme Court dealing with the Black case. In this memorandum, Mr. Marshall stated that a microphone had been installed through a wall at the hotel suite occupied by Mr. Black in a Washington, D.C., hotel in February 1963. This microphone was used by the FBI to monitor conversations in Mr. Black's suite until April 1963. Commenting upon the authorization under which this microphone was installed, Solicitor General Marshall stated:

Under Departmental practice in effect for a period of years prior to 1963, and continuing into 1965, the Director of the Federal Bureau of Investigation was given authority to approve the installations of devices such as that in question for intelligence (and not evidentiary) purposes when required in the interest of internal security or national

safety, including organized crime, kidnappings and matters wherein human life might be at stake. Acting on the basis of the aforementioned Departmental authorization, the Director approved installation of the device involved in the instant case.

The Department of Justice has reiterated this authorization for the FBI's use of microphones in papers it has filed in several other cases—including one during the current month.

Second, Pearson implies that the FBI initiated investigation of Robert G. Baker in 1963 without the foreknowledge or approval of the Kennedy-led Justice Department. I am informed by reliable sources in the Department of Justice that this is absolutely untrue—and that the investigation of Mr. Baker which the FBI launched early in the fall of 1963 was instituted and continued pursuant to memoranda from Assistant Attorney General Herbert Miller of the Criminal Division.

Third, Pearson claims that the FBI has been unable to locate any documents signed by ROBERT KENNEDY "authorizing any wiretap whatsoever" and that Nicholas Katzenbach, during his tenure as Attorney General, "expressed his amazement" when he learned "how widespread Hoover's wiretapping had been." Both of these claims are absurd. ROBERT KENNEDY and Nicholas Katzenbach personally approved every wiretap which was installed by the FBI from 1961 to 1966—the years these two gentlemen served as Attorney General. Furthermore, the communication dated August 17, 1961—which was released publicly by J. Edgar Hoover in December 1966, and to which I referred earlier—bears ROBERT KENNEDY's personal signature as approving the use of special equipment for microphone surveillances. In addition, I am advised that during his tenure as Attorney General, Mr. Katzenbach personally signed authorizations for a number of microphone surveillances in FBI investigations of organized crime cases.

The January 22 Pearson column also states that Fred Black's conviction for income tax evasion was "overturned" because "it had been secured with illegal evidence." This is another false presumption and, in fact, it constitutes a preempting by Pearson of the courts' prerogative in the Black case. Actually, the Supreme Court has remanded the case for a new trial to assure Black "an opportunity to protect himself from the use of evidence that might be otherwise inadmissible." This matter remains pending in district court—and, contrary to Pearson's claim, there has been no judicial determination whether or not the FBI microphone surveillance had any bearing on Black's prosecution as a tax evader.

I do not claim to know what motivates persons such as Drew Pearson to pour a steady stream of distortions, misstatements and false innuendoes into the life stream of America. I do know, however, that he has helped to create an atmosphere of distrust and misunderstanding regarding the highly limited and closely supervised use of electronic equipment by a very diligent and respected agency of our Government.

I am aware of the fact also that a retraction—a subsequent statement of the real facts as they actually exist—rarely, if ever, catches up with the original false charges. Nonetheless, I feel that the Attorney General owes the American people an accurate and factual statement which will put an end to the false rumors, the wild speculation and the crass misstatements of fact regarding the FBI's use of electronic devices. To this end, I am writing Attorney General Ramsey Clark today, asking that he advise me what policy exists within the Department of Justice today with respect to the FBI's use of wiretaps and microphones, as well as what the Department's policy was during the administrations of ROBERT KENNEDY and Nicholas Katzenbach as Attorney General. I will make Attorney General Clark's reply available to the Congress and the American people when it is received.

Mr. HALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I am happy to yield to my friend from Missouri.

Mr. HALL. Mr. Speaker, I appreciate the gentleman's yielding.

I want to state I believe the gentleman has rendered a great service to the American people and to some of the great people in Government by his factual, confirming documentation as presented here today.

I know that the gentleman, having been in the news media business for many years before coming to the Congress, knows well the techniques of headlining and placement and retraction, as well as diminishing returns of content in articles that are written, to say nothing of the need for salability of that which is written.

I believe the gentleman has rendered, over and above the mere question of eavesdropping or wiretapping, a tremendous service to the public by pointing out that, for cause, he becomes suspicious of something we all need to learn.

Does the gentleman not agree with me that the type of people who persist in "yellow journalism," if I may use that term, or all of the misstatements of facts, as the gentleman has so well stated, would fall flat on their face if the American public realized that just because it is in print does not necessarily make it so.

Mr. GROSS. First, I wish to thank the gentleman for his kind comments. As I said in my remarks, the misconstruing of facts, the misstatement of facts, is seldom caught up with by the truth and the real facts.

What I am attempting to do here is to ascertain the truth of what has been going on in the Justice Department and the FBI. I expect the present Attorney General, Mr. Ramsey Clark, to provide the truth.

Nothing more and nothing less. Let us have an end to this business of mis-handling the truth with respect to the surveillance of communications.

Mr. HALL. The gentleman exemplifies the truth, and with this long needle that he used today predicated on the facts, the truth must be forthcoming.

Mr. GROSS. Again I thank the gentleman from Missouri.



# FEDERAL INSURANCE CAN REBUILD URBAN AREAS AND BE A DETERRENT TO RIOTS

The SPEAKER pro tempore (Mr. UDALL). Under previous order of the House, the gentleman from Ohio [Mr. FEIGHAN] is recognized for 15 minutes.

Mr. FEIGHAN. Mr. Speaker, our major cities are presently engaged in the difficult task of providing adequate housing for their thousands of inhabitants now living in substandard dwellings. This can be accomplished by the construction of new low-cost private units, expanded metropolitan housing and rehabilitation of older units. However, while striving toward this goal, and each of us certainly appreciates how difficult it will be to achieve, it is essential that the rate of present deterioration be dramatically diminished so that it does not surpass the rate of forward progress. The increasing unavailability of insurance for properties in inner-city areas is one of the major contributors to the deterioration of the core areas in the American city. Lack of insurance accelerates deterioration by discouraging investment. Without insurance, credit is not extended to homeowners or businessmen. Individual properties also deteriorate. For us to conquer urban blight, insurance must be made available.

The unavailability of insurance results from several basic factors. First, low-income areas of our cities are being evaluated on an area basis rather than an individual property basis. This means, essentially, properties are being denied insurance, not because they are intrinsically poor risks, but because of their location. Second, insurance companies have become reluctant to insure properties lying in potential riot areas. Insured losses in last summer's riots alone were estimated at \$100,000,000. Third, many structures in the inner city are not of insurable caliber.

The problem has reached such serious proportions in Cleveland that the city council has recently held extensive hearings concerning its scope and resolution.

I have cosponsored a bill, H.R. 14263, introduced on December 4 of last year, designed to meet the challenge of the unavailability of fire and extended coverage insurance in urban areas and the inability of the private insurance industry to furnish riot coverage in property insurance.

As to the riot insurance problem, the bill provides that any private insurer participating in a plan to make fire and extended coverage insurance available to all property owners can obtain Federal reinsurance for the losses resulting from riots that exceed the amount the insurance companies would normally absorb themselves. The property must only meet reasonable underwriting standards.

The bill authorizes the Secretary of Housing and Urban Development to work with State insurance authorities to encourage private insurers to develop voluntary statewide programs to make fire and extended coverage insurance available at reasonable rates for homeowners and businessmen who have been unable to obtain it in the normal market.

Only those insurers participating in

statewide urban area insurance plans would be eligible for reinsurance.

These programs are particularly important to Cleveland. Under the program, a property cannot be denied insurance unless a physical inspection reveals that the building is not insurable at standard rates because of physical hazards. The insurer must advise the property owner of the specific measures he must take to meet reasonable underwriting standards and to obtain insurance.

Where reasonable standards have not been met and cannot be met because of the lack of financial ability on the part of the owner, my bill provides for Federal rehabilitation grants of up to \$1,500.

For those property owners who can afford to borrow money to make needed repairs, but who cannot secure credit, the bill provides for 20-year, 3-percent loans.

Under the Federal-State program the bill will make it mandatory that each piece of property be individually evaluated and specific reasons given if it is not insured. It then provides for grants or loans to allow the necessary rehabilitation. At that point the insurer will be compelled to insure the property.

Such comprehensive Federal legislation can eliminate bias in insurance, stimulate investment in these areas, protect property against riot destruction, and protect the property owner.

This bill is presently pending before the Committee on Banking and Currency. I urge that it be expeditiously enacted since the success of our efforts to arrest the conscious spread of urban blight depends on our ability to eliminate this critical problem by making insurance available to all.

## ARMS CONTROL AND DISARMAMENT AGENCY

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. MORSE] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MORSE of Massachusetts. Mr. Speaker, the Congress has received proposed legislation to extend the life of the Arms Control and Disarmament Agency for another 3 years.

This proposal comes at an auspicious time. The Agency has been engaged in a major effort to obtain agreement on a treaty prohibiting the spread of nuclear weapons. A milestone in that effort was reached last week when the United States and the Soviet Union agreed on a complete draft nonproliferation treaty, including a safeguards article.

The text of the draft nonproliferation treaty presented by the United States and the U.S.S.R. to the 18-nation Disarmament Conference January 18 is the result of many years of persistent, patient and conscientious effort to devise an agreement which promotes the security of all mankind. As a congressional adviser to the 18-nation Disarmament Conference, I have followed the

course of these negotiations with great interest.

Devising a means to prevent the spread of nuclear weapons is the most urgent task of our time. The danger implicit in the indiscriminate proliferation of these weapons is clear. If we fail to continue the search for a way to contain the spread of nuclear weapons, then it will ultimately matter little what other progress we achieve.

The momentum attained by agreement on a draft nonproliferation treaty must be sustained through continued congressional support for the operations of the Arms Control and Disarmament Agency. I sponsored a bill to establish the Agency and I believe its continued pursuit of peace and security must be encouraged and supported by the Congress.

## NEW INTERNAL SECURITY PROPOSALS FORTHCOMING

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ASHBROOK. Mr. Speaker, yesterday, January 28, various Sunday newspaper editions announced new sweeping internal security recommendations by the Senate Internal Security Subcommittee to correct deficiencies in this Nation's security apparatus incurred over the past 20 years. Consisting of 36 proposals in all, various areas are covered, ranging from controls on passports and travel to removing the appellate power of the Supreme Court in local internal security measures. Three of the recommendations are related to the Otto Otepka case, the now famous controversy which pertains to the State Department vendetta to remove a security-conscious official who insisted on strict security standards in the interest of national security. This case is building up from day to day and could possibly result in jail terms for State Department employees guilty of violating a number of Federal statutes.

The recommendations advanced by the Internal Security Subcommittee are the product of several years' study of gaps in internal security and State Department security practices, including the Otepka case.

These proposals are extremely important from the standpoint of our national security, and I intend to review them, with a view to introducing similar legislation to facilitate action on the House side.

I insert the article, "Plug Security Gaps, Senate Group Urges," by Aldo Beckman and appearing in the Chicago Tribune of January 28, 1968, in the Record at this point:

PLUG SECURITY GAPS, SENATE GROUP URGES—ASKS REVIEW OF HOLES COURT RULINGS OPEN

(By Aldo Beckman)

WASHINGTON, January 27.—Thirty-six recommendations on how to fill security gaps

widened by recent decisions from the United States Supreme Court were revealed today by the Senate internal security subcommittee.

The recommendations resulted from several years of hearings in the case of Otto Otepka, former head of the state department's security evaluation division, who was demoted for testifying truthfully about lax security before the Senate subcommittee.

"Whenever any law for the protection of our national security is stricken down by a court decision, Congress has the responsibility of deciding how to meet the problem that law was intended to deal with," Sen. James Eastland [D., Miss.], chairman of the subcommittee, said.

#### WOULD BAN AID TO ENEMY

The subcommittee recommended that it be made a felony for any American citizen to give aid and comfort to any country engaged in open hostilities with the United States.

It also would make it a crime for anyone who planned to overthrow the American government to "urge, advise, or solicit the use of force or violence" by others.

The subcommittee also suggested that civil service regulations be amended to permit the transfer of loyal security risks to nonsensitive positions, or their dismissal under normal civil service procedures, without public stigmatization of the individuals.

#### WOULD CURB JOB APPLICANTS

The recent Supreme court decision upholding the right of Communists to work in defense plants, was the obvious target of the recommendation that it be made a criminal offense for any person who is a member of an espionage organization or an investigating agency of any foreign country to apply for a job in any government agency or defense facility. The subcommittee would also amend the subversive activities control board act that would bar from federal employment anyone who remained in a group for 90 days after the SACB found it to be a communist organization.

The subcommittee also recommended that specific regulations be set up for classification of documents for security purposes. Such a move would preclude arbitrary or nonessential classification, the subcommittee explained.

#### LIMIT INCRIMINATION RULE

In an eight-page report, Sen. Eastland's subcommittee recommended that the privilege against self-incrimination be barred from anyone who has served an espionage agency of a foreign power. Any facts revealed during such testimony, after the privilege was lifted, could not be grounds for prosecution, under the subcommittee plan.

It would also give the secretary of state statutory authority, with the President's approval, to prohibit travel by American citizens to a foreign area, if such travel was found to be "contrary to the security interests of the United States" or would "substantially impede the conduct of foreign affairs."

#### "DEBT CREDIT" SYSTEM TO EASE BALANCE OF PAYMENTS

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. FINDLEY] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FINDLEY. Mr. Speaker, as the author or the tourist-dollar exchange program which has already converted into dollars over \$7 million in U.S.-owned for-

eign currencies, I today proposed that the program be expanded by means of a debt-credit arrangement.

I initiated the existing tourist-dollar exchange in 1962 as an amendment to Public Law 480. Up to now the program has not been utilized nearly to its maximum. It lets travelers buy certain foreign currencies that are owned by the United States.

The expansion of the program that I now propose could ease our balance-of-payments position by as much as \$500 million.

Under it, U.S. travelers would be exempted from special taxation or other travel limitations recently proposed by President Johnson if they travel in the right countries. Such countries would be those which cooperate in either the existing tourist-dollar program or the supplemental debt-credit plan that I suggest.

In both programs travel would enable the United States to convert to dollars some overseas currency holdings, thereby easing our balance-of-payments position.

The debt-credit might also unfreeze some debts to the United States dating back to World War I days.

Our balance-of-payment position can, I believe, be improved substantially by exempting travel in certain countries from the tourist tax or other limitations recently proposed by President Johnson.

Under my proposal, tourists would be encouraged to travel tax free in the countries cooperating in the existing tourist-dollar exchange under Public Law 480, as well as in other countries which agree to a debt-credit arrangement.

Travel to countries which cooperate in neither would be effectively discouraged by a tax. Most travelers will naturally seek tax-free travel. Because of this, most countries would give careful thought to cooperating in the debt-credit arrangement, in order to keep tourist dollars coming in. U.S. travelers abroad spend a daily average of \$18, so the income factor is considerable for any country.

It is my belief that most countries where we hold local currencies will decide to cooperate, assuming we establish the tax and debt-credit figures at a reasonable level.

I suggest that under the debt-credit arrangement, the local government be required to redeem with dollars \$5 worth of U.S.-owned local currencies—or apply a like amount on past-due debts—for each day a U.S. citizen travels in that country. With travelers spending a daily average of \$18, this would still mean an adjusted gross income of \$13 a day.

Under my proposal countries would fall into three categories from the standpoint of tourist travel:

First. Countries who cooperate under the existing tourist-dollar program. They are: Israel, India, Pakistan, Tunisia, Guinea, Ceylon, and Egypt—suspended by break in diplomatic relations.

In these countries travelers can now purchase for dollars their full spending requirements in U.S.-owned local currencies. Travel spending there conse-

quently is no incumbrance whatever on the U.S. balance of payments.

Since the program was inaugurated in 1962, \$7.2 million in local currencies have been purchased by U.S. travelers. This is a substantial contribution to our position in balance of payments but far below the program's potential. A balance of \$112 million is still available for exchange under existing agreements with these countries.

Second. Countries who cooperate in the debt-credit arrangement. Eligible would be the countries officially designated by the Treasury as nonexcess and near-excess currency countries, where the United States presently owns \$193.8 million in various local currencies; excess currency countries like Poland and Yugoslavia, where the United States owns about \$630.6 million in local currencies; and other countries which owe us debts of over \$15 billion dating from World War I.

The currencies were acquired under a variety of programs most of them dating back to the period following World War II but, for all practical purposes, are presently unusable.

Several popular tourist places like England, France and Germany are not among these countries. Here the threatened loss of tourist trade caused by a U.S.-imposed tax might persuade these countries to cooperate under the debt-credit arrangement by making payments on World War I obligations. The latter now total over \$15 billion, with Britain owing \$7 billion, France \$5 billion, Germany \$1 billion, and Italy \$1 billion.

Third. Countries which cooperate under neither program. The United States would levy a tax on travel in those countries.

The program could be administered in any of several different ways. To me, the most efficient arrangement would be settlement of accounts when the U.S. traveler returns. On checking through customs, he would pay the per-diem tax for travel in countries not cooperating in either the tourist-dollar exchange or debt-credit.

For travel in other countries customs officials would establish the correct dollar claim to be paid by the appropriate governments, and when the account is paid, credit would be made against U.S. holdings of foreign currencies on World War I debts. Travel could be verified by passport endorsements.

This expanded program would enable the United States to make effective use of its tremendous inventory of frozen local currencies, and at the same time enable U.S. citizens to travel extensively without tax penalty in any form.

The inventory of foreign currencies as of December 31, 1966, was a grand total of \$824.4 million. It consists of the following:

Excess currency countries not cooperating in existing tourist-dollar exchange

[In millions]

Burma	\$20.3
Congo	13.1
Poland	486.7
Yugoslavia	110.5
Total	630.6



*Excess currency countries not cooperating in existing tourist-dollar exchange—Continued*

NEAR-EXCESS CURRENCY COUNTRIES

[In millions]

Bolivia	\$18.0
Brazil	10.4
Morocco	20.9
Paraguay	4.5
Sudan	10.4
Syria	5.3
Turkey	12.5
Total	82.0

NONEXCESS CURRENCY COUNTRIES

Afghanistan	2.4
Australia	.1
Belgium	.1
Cambodia	.3
Cameroon	.1
Chile	9.4
China	7.7
Costa Rica	.1
Cyprus	.4
Czechoslovakia	1.0
Dominican Republic	.6
Ecuador	.1
Ethiopia	1.1
Ghana	4.1
Greece	.4
Guatemala	.3
Iceland	.2
Iran	2.0
Italy	6.5
Japan	25.2
Jordan	.4
Korea	1.1
Laos	4.5
Libya	.1
Mali	1.5
Nigeria	.1
Peru	2.2
Philippines	5.4
Senegal	.3
Somali	.1
South Africa	.1
Thailand	1.3
Vietnam	32.6
Total	111.8
Grand total	824.4

In addition, the amount currently available for sale under the existing tourist-dollar exchange is as follows:

Ceylon	\$81,700
Guinea	6,033,600
India	4,439,200
Israel	8,575,000
Pakistan	1,062,600
Tunisia	1,218,200
Egypt	91,048,200
Total	112,458,500

On September 3, 1963, I urged President Kennedy to use the tourist-dollar exchange program to curb the outflow of gold.

At that time I said the program enacted 2 years earlier, could have reduced the outflow by \$500 million.

Full text of my letter to President Kennedy:

CONGRESS OF THE UNITED STATES,  
HOUSE OF REPRESENTATIVES,  
Washington, D.C., August 30, 1963.

Hon. JOHN F. KENNEDY,  
President of the United States,  
The White House, Washington, D.C.

DEAR MR. PRESIDENT: During your recent European tour you expressed concern over the continued outflow of U.S. gold. Similar concern was expressed recently by Treasury Secretary Dillon before the Joint Economic Committee of Congress.

I am glad your administration recognizes the critical character of the gold outflow. I hope it will be checked long before your

target year of 1968. At the present outflow rate, our gold supply will be exhausted by that date.

I wish respectfully to point out that for two years you have neglected legislative authority which makes possible a substantial improvement in our gold problem. I refer to section 104-s, Title I, of P.L. 480, which became law as a part of the Agricultural Act of 1961. I am especially interested because I initiated this amendment.

As you know, P.L. 480 is the program under which surplus U.S. farm commodities are "sold" abroad. Sales made under Title I of this Act do not yield dollars but are paid for in the currency of the recipient country. Only a specified amount of this currency can be used by the U.S., and then only for authorized purposes which are listed in the agreements. Before each agreement is signed, details of course are decided by the negotiators you designate who work with negotiators of the recipient country.

Known as the tourist-dollar amendment, section 104-s added "exchange for tourist dollars" to the list of authorized U.S. uses which can be specified in Title I agreements.

In countries where the amendment is utilized, American tourists, upon entering the country, can exchange their dollars at the Embassy for the equivalent in U.S.-owned local currencies.

The exchange is voluntary on the part of the U.S. tourists, of course, but to the extent that they make the exchange, our gold problem is eased. Ordinarily, dollars spent abroad by tourists become a claim on the U.S. gold supply. Exchange dollars do not.

Unfortunately, your administration has utilized this amendment only to a tiny fraction of its potential.

Here is the record:

Total value of P. L. 480, Title I, agreements made since tourist-dollar amendment became law (August, 1961), \$2,716,270,000.

(Your negotiators did not insist that the tourist-dollar provision be included in all these agreements. As a matter of fact, more than half the total value—\$1,471,900,000—did not include this provision.)

Total value of agreements which included tourist-dollar exchange as one of several authorized uses for local currencies, \$1,244,370,000.

Of this amount, your negotiators agreed that only a fraction be made available for the various authorized uses (including tourist-dollar exchange); to be exact, only, \$199,500,000.

Of this amount, a fraction has actually been set aside specifically for tourist-dollar exchange. In fact, Egypt is the one and only country where this has occurred. Value of the currencies set aside for tourist-dollar exchange in Egypt, \$12,400,000.

Amount of dollars actually exchanged in two years under the tourist-dollar amendment provision, \$10,000.

It is impossible to say exactly how much the gold outflow would have been reduced had you utilized tourist-dollar exchange to the fullest extent possible during the past two years.

The above figures certainly show the reduction could have been substantial. In my opinion, it could have been as much as \$500,000,000.

Why the breakdown in the tourist-dollar exchange program? There are several reasons: 1. You have not followed through effectively with countries that have accepted this program.

Tourist-dollar exchange is authorized in agreements with these twenty-one countries: Egypt, Turkey, Greece, Syrian Arab Republic, Bolivia, Iran, Guinea, Morocco, Brazil, Uruguay, Nationalist China, Ceylon, Tunisia, Viet Nam, Israel, Paraguay, Sudan, Korea, Ethiopia, Cyprus, and Senegal.

Of these, only in Egypt has exchange actually occurred. Even there, exchange has not been utilized even to a fraction of its po-

tential. Your officials were slow in setting up the mechanics for it. Today little is apparently being done to explain the program to tourists.

To illustrate the importance of this program, U.S. tourists in 1962 spent \$8,000,000 in Egypt. These 8,000,000 dollars became a foreign claim on our gold. Had the tourist-dollar exchange been set up promptly and thoroughly explained to all U. S. tourists arriving in Egypt, most if not all of the 8,000,000 dollars would have been exchanged at the American Embassy for equal value in U.S.-owned Egyptian pounds. Thus, an \$8,000,000 foreign claim on our gold would have been prevented.

As it is, in a two-year period, only 10,000 dollars have been exchanged for Egyptian pounds.

2. Your negotiators have not insisted on tourist-dollar exchange in agreements with countries reluctant to cooperate. These countries succeeded in persuading your negotiators to omit tourist-dollar exchange from Title I agreements: Indonesia, Poland, Yugoslavia, Finland, India, Pakistan, Iceland, Congo, Philippines, and Burma.

To illustrate, in the two years since the tourist-dollar amendment became law, the U.S. signed Title I agreements valued at \$151,600,000 with Communist Yugoslavia. Yugoslav negotiators did not want the tourist-dollar exchange, and your negotiators did not insist. Consequently, none of the agreements included this provision. In 1962, U.S. tourists spent \$3,000,000 in Yugoslavia, all of which became a foreign claim on our gold.

Had your negotiators insisted upon tourist-dollar exchange in the agreements, and insisted also that an ample percentage of currency be available for various U.S. uses, a \$3,000,000-a-year assist to our gold problem would have been possible in Yugoslavia alone.

I urge that you insist on these provisions in all future agreements. It is unlikely any country would reject a Title I agreement simply because we insist that part of the proceeds be available for tourist-dollar exchange.

I am aware that our foreign policy objective in such countries as India and Pakistan has been to give full opportunity to earn dollar credit, but this same explanation is not valid in all countries.

Even in India and Pakistan, I strongly urge a policy reappraisal. Which is more important to the U.S. and to the free world: the Indian and Pakistani dollar shortage, or the U.S. gold outflow? In all candor, we must admit that our gold outflow is so critical it must take precedence.

3. Your negotiators have not insisted that ample currency be made available for U.S. uses. In Yugoslavia, for example, the percentage was only 10 percent. We should insist that at least one-third of proceeds be available for U.S. uses.

It is painfully apparent that, to date, little has been done to utilize the tourist-dollar exchange.

Inasmuch as Title I agreements are largely donations, and in view of the critical character of our gold situation, I respectfully urge that in future agreements you instruct U.S. negotiators to:

1. Insist on tourist-dollar exchange in all Title I agreements.

2. Insist that at least one-third of currency proceeds be available for U.S. uses.

I also urge that you direct responsible officials to promote dollar exchange effectively and continuously among U.S. tourists. I am sure most of them will welcome this painless way to help our gold problem.

While I do not expect tourist-dollar exchange to end the gold outflow, every dollar exchanged is a full dollar gain in gold. In this critical hour every ounce of gold weighs mightily.

Sincerely yours,

PAUL FINDLEY,  
Representative in Congress.

On March 11, 1965, I again made a plea for greater utilization of the program. I said:

The United States is missing out on a multi-million dollar gain in its balance-of-payments position simply because the Johnson administration has dragged its feet in utilizing the tourist-dollar exchange program approved four years ago.

Under the program, our citizens entering a foreign country can exchange their dollars at the U.S. embassy for equal value in U.S.-owned local currencies. The currencies are acquired when the U.S. ships surplus farm commodities overseas under Title I of Public Law 480. The exchange keeps tourist dollars spent abroad from becoming a claim on our gold supply. Every dollar exchanged is a clear dollar gain in our balance-of-payments.

Despite our critical gold situation, the tourist-dollar exchange program has been utilized to only a tiny fraction of its potential. It has been almost totally neglected since the program was authorized in 1961. I have tried repeatedly—and with little success—during the past four years to get the Administration to promote this program. Our officials seem to be more concerned about the currency problems of other countries than our own.

The program has been accepted by 30 different countries, but to date the Administration has placed it in operation in only two—Egypt and Israel—and there on a very small scale. The mechanics for the program may soon be established in a third country, India.

Here are the countries which have approved the tourist-dollar program, but where the Johnson administration has not acted to implement it: Turkey, Greece, Syrian Arab Republic, Bolivia, Iran, Guinea, Morocco, Brazil, Uruguay, Taiwan, Ceylon, Tunisia, Korea, Vietnam, Paraguay, Sudan, Ethiopia, Cyprus, Senegal, Congo, Jordan, Iceland, Peru, Ivory Coast, Philippines, Colombia, Dahomey. Obviously, U.S. travel to some of these countries is small, but even the most remote nation gets a U.S. visitor once in awhile.

The tourist-dollar program is identified in Public Law 480 as subsection (s), Section 104 of Title I. Subsection (t) was added last year to broaden this provision to include U.S. travelers who do not qualify as tourists.

Under Title I agreements, a portion of the currency proceeds is set aside for specified U.S. uses within the recipient country. Among the uses which may be specified is the program for tourist-dollar exchange. The portion of currency set aside for U.S. uses varies from one agreement to another.

In my opinion our negotiators have not driven hard enough bargains, but I am glad to report that the percentage set aside for U.S. uses has been rising sharply in recent agreements, and now averages well over 20 percent.

In analyzing Title I agreement details, it should be borne in mind that several claims, in addition to tourist-dollar exchange, are made on the currency set aside for U.S. uses. Among these are embassy expenses, cost of U.S. military security programs within the country, etc.

However, it is evident that the potential for tourist-dollar exchange under these agreements is tremendous.

The total value of the agreements comes to \$2.4 billion. Of this an average of over 20 percent was set aside for U.S. uses. Twenty percent of \$2.4 billion is \$480 million.

Without doubt, the Administration has been passing up a multi-million dollar opportunity to ease the U.S. balance-of-payments problem.

Out of the proceeds of the Title I transactions, under which \$2.4 billion worth of American farm commodities were virtually donated abroad, to date only \$87,837 worth of local currencies have been exchanged. Some credit to the tourist-dollar provision must be given the Yugoslavian agreement for conversion

into dollars (over a period of time) of \$250,000 in local currencies.

However, the actual exchange of local currencies for tourist dollars to date is the meager \$87,837.

Why has it not been greater? First of all, the Administration has not even seen fit to set up the mechanics for the tourist-dollar exchange in 27 of the 30 countries which have approved it.

Secondly, the Administration has not adequately promoted the program where it is established.

In the two lone countries where it is in operation, Egypt and Israel, only a trifling amount of publicity has been given to the program. Little effort has been made to explain it to U.S. citizens heading for those two countries, much less sell it to them.

The only publicity consists of leaflets on display in the passport office. They are not even included as a matter of routine in correspondence about passports. They are not distributed to U.S. citizens boarding ships or planes bound for Israel and Egypt, although this could be easily arranged through U.S. Customs officials.

Why can't just a little of the vast propaganda resources of the federal government be used to promote the tourist-dollar program? Such promotion would pay off handsomely and quickly in easing our gold crisis.

Most U.S. citizens, given the information, will cooperate with the tourist-dollar program, simply as a patriotic assist to their own country. However, to secure maximum interest and cooperation, I propose that tourists who do cooperate be given the privilege of bringing back home up to \$500 in merchandise duty-free. The present limit is \$100, and a proposal made by the President would cut this to \$50. By permitting those utilizing the tourist-dollar exchange program to go to the old maximum of \$500 full cooperation would be assured.

Six countries have steadfastly refused to accept the program. They are Pakistan, Finland, Indonesia, Poland, Yugoslavia, Burma.

In addition, some countries have acted both ways—accepting the tourist-dollar provision in some agreements, refusing it in others.

Our negotiators may have tried to include the provision in all agreements but obviously did not try hard enough. All told, agreements totalling \$1.58 billion excluded the tourist-dollar program.

#### UKRAINIAN INDEPENDENCE DAY

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Wisconsin [Mr. SCHADEBERG] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. SCHADEBERG. Mr. Speaker, I wish to join with my many colleagues who have spoken out on this, the 50th anniversary of the Ukraine's Declaration of Independence. In order to call the event to the attention of the people in my district, which include many citizens of Ukrainian descent, I have written a column for the newspapers of the four counties I represent to refresh the memories of all of the heroic efforts of this captive nation.

The text of my column follows:

The 50th Anniversary of the Ukrainian Independence Day passed with little public notice this past week except for those who relate the proud history of that subjected nation to what is going on in Vietnam today. It was in 1921 that the Soviet Union con-

quered the Ukrainian nation of 45 million people, holding them since that time in dictatorial bondage.

We have in this country a large number of both private and public citizens who maintain that Communism is not a serious threat to freedom today. They urge us to "cooperate" with the Communists in Asia, to work out arrangements with them for some kind of joint captivity for formerly free nations.

We went down that road in Korea just 15 years ago and today have a divided nation under constant threat and pressure from North Korean Communists, now bold enough to seize a U.S. Naval vessel and tell American authorities to like it or lump it.

We are being urged to take the same road over Vietnam, to invite the Communists to the conference table on their terms—no more bombing but complete freedom for them to beef up their troops and supplies in North Vietnam for the day when they are strong enough to take over the entire nation.

Perhaps Ukrainian Independence Day offers little in the way of solid hope to its people, but it can serve to remind us what happens when Communism grabs a nation, often under the pretext that it just wants to establish order and justice there.

The Ukrainians ward off Bolshevik subversion for a few years, just as all free nations are now being forced to ward off the disaster of Soviet espionage and public displays of riot and disorder. Finally the Red Army moved on to Ukrainian soil, followed by the triple blights of collectivization, purges, and starvation.

The Ukrainian people battle on against all of it today, 50 years wiser and 50 years more experienced in what Soviet benevolence really means in day-to-day living. They cannot express national loyalty, personal religion, freedom to speak, travel and work where they please.

Wherever Communism goes, away goes freedom. We hear that Communism is not a menace in Cuba, that it will be a reasonable partner in Vietnam, a tame tiger in Korea. Such talk is rot, and the American people know it even if our leaders sometimes sound as though they had never heard of Communism in action.

The Ukrainians are not Russians. They were an independent people, just as the Vietnamese and Koreans were an independent race. But Communism now has all of them in its claws or is trying to grab them.

In acknowledging the proud history of the Ukrainian people on the day 50 years ago when they declared their independence, only to lose it a short time thereafter, we are or should be pledging anew our determination to continue the battle for right and justice.

However you slice it, Communism always comes out looking the same way—terrorism, suppression, and total control. Let's keep it in mind when we think about and read about all the proposals to settle the various conflicts around the world. If we are as well equipped militarily as the McNamara computers in the Pentagon say we are, and the Defense Department budget indicates we are, then let us fear nothing, bow to no one, and help those who stand with us.

#### SEIZURE OF U.S.S. "PUEBLO"

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee [Mr. KUYKENDALL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KUYKENDALL. Mr. Speaker, the regrettable *Pueblo* incident was possible because of a shocking lack of readiness



on the part of our Military Establishment in Korea. Absolutely no one can deny that next to the shooting war in Vietnam, the explosive situation in Korea is the world's most troubled spot. Yet—at the time the *Pueblo* put out its first cry for help not a single American aircraft in the Korean theater was ready for immediate action. The actual number of combat aircraft in Korea is classified, but shockingly small, and every one of them are either equipped with atomic weapons or completely out of commission. Therefore, our Air Force was able to give no response during the 1-hour-and-45-minute period between the first cry for help and the actual seizure of our ship in international waters.

Once the *Pueblo* was taken into the Korean harbor and the crew separated from the ship, the problem became a different one.

The key to the crisis in Korea is the refusal of the Soviet Union to act with responsibility in seeking the immediate release of the U.S.S. *Pueblo*.

No one can doubt for a moment that the leading nation of world communism would not immediately be heeded by Communist North Korea if the Soviet Union were to seek a peaceful settlement of the crisis.

The calling up of Reserve Forces, although a needed and perhaps overdue support of our policy in Southeast Asia, is not, in and of itself, an answer to this crisis. We face, once again, the grave danger of marching up the hill only to march back down again with little accomplished and much treasure and blood wasted.

More to the point, in my view, would be immediate action to place peaceful pressure where it would do the most good—that is, squarely on the Soviet Union.

In order to bring the Soviets to immediate responsibility for the provocative excesses not only of North Korea, but of all Communist nations, this Nation should take the following steps:

We should immediately suspend all economic negotiations with the Soviet Union and its satellites pending Soviet cooperation in obtaining a peaceful and immediate settlement of the *Pueblo* matter.

We should call up for immediate review all existing economic arrangements with the Soviet Union and its satellites, pending a display of responsible concern by the Soviets in regard to the *Pueblo* incident.

Also, and without further ado, immediate action should be taken to throw the full weight of our diplomacy and economic power against all free world trade that benefits North Korea.

Unless North Korea can immediately demonstrate, by returning our ship and our men, a responsible attitude among nations, we should take every step open to us to deny North Korea the economic support of free world trade.

Actually, the *Pueblo* incident is a symptom of a far wider problem. The calling up of troops cannot be a full answer to this broader problem—the problem of Communist mischiefmaking and provocation around the world.

Our greatest strengths have yet to be applied to this problem. Those are the strengths of our economy and our diplomatic position as a leading nation of the free world.

Far better to begin to apply the peaceful pressures of economy and diplomacy—and apply them where it counts, against the control centers of world communism—than to move from crisis to crisis with armed responses only.

#### AIR TAXI SERVICE—NO INFORMATION FROM POST OFFICE DEPARTMENT

Mr. VANDER JAGT. Mr. Speaker, I ask unanimous consent that the gentleman from Wyoming [Mr. HARRISON] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HARRISON. Mr. Speaker, I am not at all happy about having to take this matter to the floor of the House, but perhaps with my comments in the Record the Post Office Department will honor me with the communication I have sought since Friday.

Friday and today my staff made several phone calls to the Post Office Department to ask the very legitimate question: "What is the status of the air taxi service which was slated to begin delivering mail in Wyoming?"

Several calls have produced only the empty assurance that someone will call me back. But no one has called.

I can understand the embarrassment within the Post Office because the issue about which I wish to inquire—air taxis—hits a rather sensitive departmental nerve. Originally scheduled for operation last October, the concept and the taxis are still up in the air—but only figuratively.

In any event, the Post Office Department might find its relations with Congress somewhat improved if it would instruct its functionaries to communicate on a business basis with the people at the other end of Pennsylvania Avenue.

#### THE FISCAL YEAR 1969 BUDGET

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. LAIRD], is recognized for 15 minutes.

Mr. LAIRD. Mr. Speaker, the new budget concept, both for clarity and ease of understanding, is a vast improvement over past methods. The Commission which conceived it, and the President who adopted it, deserve the commendation both of Congress and the American people.

The new budget itself, however, follows the unfortunate pattern of earlier budgets in its contents. It is clearly expansionary in its impact and misleading in its assumptions.

Anticipated receipts in the fiscal 1969 budget document are clearly overstated. Projected outlays are grossly underestimated.

Assuming passage of his 10-percent

surtax, President Johnson anticipates a budget deficit of \$8 billion.

This assumes, for example, that the war in Vietnam will cost \$26.3 billion. Last January the President fixed Vietnam costs at \$21.9 billion but in the fiscal 1969 budget that estimate was revised upward by \$3.1 billion to \$25 billion. That is still low for fiscal 1968 and the new spending estimate is at least \$4 billion low for fiscal year 1969.

The President's \$8 billion deficit also assumes that grants to the States for public assistance will increase only 10 percent from \$5.2 billion to \$5.7 billion, an increase of \$500 million. Yet in each of the past three budgets, the administration's original estimate was off several hundred million dollars. A supplemental request for fiscal 1968 will be sent to the Congress within the next 2 weeks containing a request of \$1.1 billion for grants to the States for public assistance, an increase over the original request of some 26 percent.

The pattern of the past three budgets concerning expenditure estimates is clear and shocking. In 1966, the first administration estimate was a full \$10.4 billion less than actual spending in the cash budget turned out to be in that fiscal year. In 1967, the spread between the original and final estimate was again \$10 billion. For fiscal 1968, this year's budget document already projects a \$4 billion increase over last January's estimate and fiscal 1968 is only half over.

Mr. Speaker, the following table illustrates the gross difference between original estimates and midyear estimates under the consolidated cash budget:

TABLE 1.—DIFFERENCES BETWEEN THE JOHNSON ADMINISTRATION'S ORIGINAL ESTIMATE AND ITS MIDYEAR REVISED ESTIMATE OF DOLLAR AND PERCENTAGE INCREASES OVER THE PREVIOUS YEAR'S BUDGET<sup>1</sup>

	[Consolidated cash statement]	
	Dollars (billions)	Percent
1968-69 (1st estimate):		
Defense.....	3.3	4.3
Nondefense.....	9.4	9.4
Total.....	12.7	7.2
1967-68 (2d estimate):		
Defense.....	6.4	9.1
Nondefense.....	14.5	17.1
Total.....	20.9	13.5
1967-68 (1st estimate):		
Defense.....	5.5	7.7
Nondefense.....	6.0	6.7
Total.....	11.5	7.1
1966-67 (2d estimate):		
Defense.....	12.8	21.9
Nondefense.....	10.3	13.0
Total.....	23.1	16.8
1966-67 (1st estimate):		
Defense.....	4.0	7.0
Nondefense.....	6.0	7.7
Total.....	10.0	7.4
1965-66 (2d estimate):		
Defense.....	6.6	13.0
Nondefense.....	6.0	8.4
Total.....	12.6	10.3
1965-66 (1st estimate):		
Defense.....	— .4	— .7
Nondefense.....	6.4	9.3
Total.....	6.0	4.9

<sup>1</sup>Source: Derived from the Budget of the U.S. Government, fiscal years 1965-69.

It is clear from table 1 that gross understatements of expenditures in recent years were by no means confined to essential defense costs but that non-defense spending also grew rapidly between original and midyear estimates. The fiscal 1969 budget will be no exception.

On the revenue or receipts side, the pattern of gross mistakes is the same. In fiscal 1966 there was an \$11 billion difference between original estimates and final receipts. In 1967, the difference was \$8.1 billion. For fiscal 1968 the President last January estimated receipts of \$168.1 billion. In today's message that estimate dropped to \$158.9 billion, a difference of \$9.2 billion.

Part of that overstatement, as we pointed out last January, was in anticipated corporate tax revenues. This year's budget documents the accuracy of our charge last year that anticipated corporate tax receipts were overstated by at least \$2.5 billion. Last January, the administration estimated corporate tax receipts at \$33.9 billion. Today's budget document revises that estimate downward to \$31.3 billion, a difference of \$2.6 billion. For fiscal 1969, the President estimates a substantial increase in corporate tax receipts to \$34.3 billion. This projected increase in corporate tax receipts would require an improvement in corporate profits that goes substantially beyond what most informed economists now consider reasonable.

Estimates of individual tax receipts for 1968 followed the same pattern. They were initially estimated at \$73.2 billion. Today's document revised that estimate downward to \$67.7 billion, a drop of \$5.5 billion.

Even had the tax surcharge been enacted last year, thus increasing both corporate and individual tax receipts by \$4.7 billion, original estimates would still have been off by a total of \$3.3 billion in personal and corporate tax receipts.

The following table shows the first and second 1968 estimates and the first estimate for fiscal 1969 with regard to corporate and individual tax receipts:

TABLE II.—RECEIPTS  
[In billions of dollars]

	Individual income taxes	Corporate income taxes
1st estimate, 1968.....	73.2	33.9
2d estimate, 1968.....	67.7	31.3
1st estimate, 1969.....	80.9	34.3

There is no question in my mind that the fiscal year 1969 Budget of the United States presents a misleading picture both of income and outgo. Even with enactment of the surcharge, the budget deficit under the unified budget will be far nearer the \$15 billion zone than the \$8 billion the President so optimistically predicts.

The President called his budget for fiscal 1969 a "tight" budget. On the expenditure side, if one accepts his assumptions—which in several instances are clearly the products of wishful thinking—it may look like a relatively "tight" budget. But if one is concerned with the eco-

nomic impact of the budget, then budget authority—appropriations—and obligations must also be studied.

With regard to appropriations, the President is asking Congress for more than \$200 billion. He intends to obligate some \$195 billion of that authority if Congress grants it. In terms of budget authority, this represents an increase of more than \$15 billion over 1968 appropri-

ations and a more than doubling of the percentage increase in nondefense spending alone between 1968 and 1969—7.8 percent—as compared to the increase between 1967 and 1968—3.2 percent. In overall spending it is an almost fourfold percentage increase between 1968 and 1969—8.2 percent—as compared to the increase between 1967 and 1968—2.2 percent. The following table illustrates this:

TABLE III  
[Dollar amounts in millions]

	1967	1968	1969	1967-68	1968-69
				Percent	Percent
Budget authority:					
Defense.....	\$75,276	\$75,780	\$82,317	\$504	\$6,537
Nondefense.....	107,286	110,719	119,406	3,433	8,687
Total.....	182,562	186,499	201,723	3,937	15,224
				2.2	8.2
Obligations:					
Defense.....	75,250	77,077	82,653	1,827	5,576
Nondefense.....	92,925	101,854	111,944	8,929	10,090
Total.....	168,175	178,931	194,597	10,756	15,666
				6.4	8.8
Outlays:					
Defense.....	70,092	76,489	79,789	6,397	3,300
Nondefense.....	88,322	99,143	106,273	10,821	7,130
Total.....	158,414	175,635	186,062	17,221	10,427
				10.9	5.9

Mr. Speaker, the Budget of the United States is the fiscal plan of our country for the coming year. The fiscal operations of the Federal Government have pervasive effects and influence both the economic health and well-being of every citizen of America and our economy as a whole.

The number of dollars contained in that "fiscal plan" has an impact just as the size of the deficit does. So, too, does the amount of budgetary authority whether or not that authority is utilized in the form of actual spending within the 12 months of a given fiscal year. In fiscal 1969, the President is asking Congress for the authority to spend or obligate more than \$200 billion.

From acts of Congress in prior years he has existing authority to spend or obligate more than \$58 billion, thus providing a total spending authority of some \$260 billion.

All signs indicate continued inflationary pressures on the economy in coming months. The size of the budget and the actual as contrasted to the rationalized size of the budget deficit will contribute substantially to additional inflationary pressures. Prospects of an additional 5½-percent inflation in the next 15 months without restraints that are not visible in this budget are highly likely.

Because of the war in Vietnam and the economic troubles here at home, the American people are ready for some hard decisions in the area of spending and taxes. They are ahead of the President in their willingness to get our fiscal house in order. The President's budget, far from doing that, will aggravate an already difficult situation. It is now up to the Congress to make the President's budget a responsible fiscal plan for the Nation.

#### HIGHWAY PROGRAM

The SPEAKER pro tempore. Under previous order of the House, the gentle-

man from Maryland [Mr. GUDE] is recognized for 20 minutes.

Mr. GUDE. Mr. Speaker, when the Secretary of Transportation last week originally announced a 5-percent cut in highway construction funds, it was received generally as an equitable action which would make it possible for every State in the Union to plan, program, and execute their highway programs in a businesslike manner as they have done in the past. Not so. By the Department of Transportation's reduction in highway spending authority as proposed, it will work an extreme hardship on a number of States such as my own State of Maryland and the District of Columbia where construction delays have created a great backlog of projects. Furthermore, the consequent reduction in construction activity which will be forced on some areas appears sharply at variance with the President's proclaimed intention to generate additional jobs through private industry.

The tortuous computation process indulged in by the Department of Transportation in revising its allocation formula represents a discriminatory and crippling blow to vital construction in Maryland and the District of Columbia. The labyrinthine processes whereby the allocation formula was derived strongly suggests its goal is as much the ending of highway construction in the District of Columbia with Maryland—an innocent but equally injured bystander of the process of reducing highway spending.

Conversely, according to the information which I have had developed, the approval of the spending for some States in calendar 1968 at a level representing 95 percent of the previous year's spending actually increase the spending to which they are entitled.

It is a matter of record that there is a normal fluctuation in construction. Several States spent more in 1967 than their allocated limit for 1968. Massachusetts, for example, obligated \$129 million



in 1967 and is entitled to a limit of \$89.6 million in 1968. But 95 percent of its 1967 obligation would amount to \$123.2 million or 37.5 percent more than authorized for the year. Anyone with the least familiarity with highway construction knows that such fluctuations are normal as projects are developed and that a given year's obligations often bear no relation to long-range needs. Spending in Maryland, for example, has been known to fluctuate from \$32 million one year, \$72 million the next, and \$40 million the third year.

My suspicion as to the Department's motives also stems from its departure from its proposal of last fall to reduce 1968 spending authority by 13.8 percent, which in the case of Maryland would have meant a reduction of \$9.1 million. Applied on a nationwide basis, this would have achieved the \$600 million goal of spending reduction allegedly sought in the current freeze. But Maryland obligated only \$39,515,000 in 1967. Thus, a 5-percent decrease applied to this base leaves the State with \$37,282,000, as against its total entitlement of \$65.9 million.

The District of Columbia, of course, has been hit even harder. The deferral proposed last fall called for a 1968 reduction of \$6.9 million in its obligating authority of \$50.8 million for the year. But its 1967 actual obligations were \$16.8 million, a 5-percent reduction of which would leave spending this year at \$15.8 million, hardly enough to continue going projects.

Mr. Speaker, it is incumbent upon the Department of Transportation to explain its curious calculations. I can only conclude that it is attempting to achieve by fiscal manipulation what it cannot otherwise accomplish in the face of local opposition, the destruction of the District's highway program.

To the extent that Maryland is likewise harmed, residents of the suburbs who depend upon District roadways are doubly penalized.

I do not believe that the Representatives in Congress from many of the States are aware of what this newly announced formula actually encompasses as announced by the Department of Transportation and what it would do to construction in their particular States.

Not even taking into account the reserves that have been accumulated in the highway trust fund from unexpended funds accumulated from previous years, the cutbacks from the regular allotment of highway funds on a percentage basis, would be as follows in these States:

In Maryland, which I have mentioned, the cutback in highway construction would be 43 percent; in Florida it would be 35 percent; in Connecticut it would be 27 percent; in Maine it would be 24 percent; in New Mexico it would be 24 percent; in Wyoming it would be 20 percent; in West Virginia it would be 18 percent; in Nebraska it would be 18 percent; in Alabama it would be 17 percent; in Iowa it would be 17 percent; in South Carolina it would be 17 percent; in Ohio it would be 16 percent; and in Alaska it would be 15 percent.

This would be the reduction in highway construction from the allotment which would be normally allowed these States in the coming fiscal year.

Mr. Speaker, on the other hand, some States would actually be entitled to more money than they were allotted for this year, according to the current book-keeping of the Department of Transportation.

Certainly these figures do not give the picture of an across-the-board, equitable 5-percent reduction in highway construction funds available to the various States.

Mr. Speaker, I yield back the balance of my time.

#### U.S. CADETS, INC.

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Louisiana [Mr. Boggs] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BOGGS. Mr. Speaker, when I was in my district last month I attended a ceremony staged by the U.S. Cadets, Inc., in Jefferson Parish, La.

This fine young group of boys and girls exemplifies the best in our American youth, and I would like to call to the attention of my colleagues the achievements of this fine group.

We are now going through a most trying time in the history of our great Nation. Daily, news is being made by youngsters who are not living up to the high ideals which our forefathers set down for us. Unfortunately, the headlines and the television cameras give prominence to these youths and exaggerate their impact.

The truth is the overwhelming majority of our youngsters are responsible citizens, interested in preserving our heritage of freedom and integrity and spending their time preparing for adulthood by going to school.

What we need in this country is more publicity and attention for these youngsters. The U.S. Cadets present us with the opportunity to recognize this kind of youngster.

Following is the text of a statement about the Cadets furnished me by Wallace W. Goodey, Jr., commanding officer of the Cadets, Jefferson Playground, 4100 South Drive, New Orleans, La., 70121.

It is my fervent hope that the Members of the Congress will urge high schools in their districts to form drill teams to participate in the drill competition to be held in Jefferson Parish in March of 1969.

The U.S. Cadets program is designed for all Junior and Senior High Schools. Boy, Girl or Co-educational high schools can easily adopt the Cadet program and bring to their students the most exciting development program ever created for students of high schools in America. By rigidly enforcing the rules and carrying out all phases of the Cadets program, you will produce the highest standard of youth ever graduating from our high schools. Discipline will improve a hundred percent and loyalty,

patriotism and moral standards will exceed your greatest hopes. The U.S. Cadets program was founded to make men of boys and ladies of girls and create a burning desire in each Cadet to reach the highest position in life their abilities will carry them.

The Cadet Drill Program with its National Invitational Championship Bowl as the ultimate goal of every unit will develop posture, appearance, discipline and respect for leadership. The Cadet Social Program will greatly elevate the standards of all social activities and demand a greater respect of all Cadets for the opposite sex. The rugged Cadet outdoor programs for the boys will develop their manly desires and the survival training will prepare them for hazardous times that may occur during their life time. The outdoor camping programs for our young ladies will develop their ability to stand on their own two feet, to become a leader amongst women and to instill a high degree of confidence so badly needed to accomplish these skills. The Cadets required civic activities will give them an excellent insight of the musts for all good citizens.

#### U.S. CADETS INVITATIONAL CHAMPIONSHIP BOWL

Annually the U.S. Cadets Invitational Championship Bowl Committee shall from the records of all cadet units, select the outstanding school in each State to participate in a regional contest. The four regional winners and the winners from Alaska and Hawaii will be invited to participate in the National Invitational Championship Bowl. The entire record of each cadet unit will determine their participation and not their drilling alone. They must be champions in every respect to appear in the championship bowl. Superior in drilling, excellent outdoor activities record, social and scholastic achievement equal to the standards set up by the cadet rules book. Civic activities record beyond the normal routine participation of a high school. In other words the U.S. Cadets seek to develop the best in our cadet program. The high standards of a U.S. Cadet unit demands that every boy and girl perform with the best of their abilities and attract the attention and respect of their community. Outstanding cadets will be sought after by every college in America and unlimited opportunities will be opened to them in the business world after graduation from college. The model cadet will develop into the model citizen and the future leaders of America.

#### THE U.S. CADETS SOCIAL WORLD

Only the highest standards of social activities will be allowed by the cadet unit commanders. Buffet suppers, formal dances, after sports events social gatherings and special parent cadet socials shall be conducted by cadet units employing the highest standards of social behavior. Indeed, our U.S. cadets, boy or girl shall be regarded as the true young ladies and gentlemen of each community.

#### THE U.S. CADETS (BOYS ONLY) OUTDOOR TRAINING PROGRAM

At least four times a year the cadets will go out on a special week end camping trip putting into practice the special rugged survival training they have received during their cadet meetings. As often as possible they will take all night compass marches and reconnaissance trips through rugged terrain to develop their ability to seek safety and survive under the most difficult conditions. Competition in this field will be held between the various cadet units in each area. This program will surely develop self reliance and courage.

#### THE U.S. CADETS (GIRLS ONLY) OUTDOOR TRAINING PROGRAM

At least four times a year the cadets will go on a special weekend trip to special camp-

ing areas provided for by the parish or county in your area where the girls can put into practice the special emergency first aid training, camp life, survival training and group leadership training. The extent of the training they will receive will depend on the leaders and the determination of the girls. It is important you select the best teachers you have for this assignment. Retired military personnel (women) can be found in almost every area and they will make good instructors. These retired women if properly approached will usually volunteer for this service.

**AMERICA NEEDS THIS PROGRAM, OUR BOYS AND GIRLS WANT IT**

This talk about our boys and girls going to the dogs, becoming delinquents, no ambitions and all other claims is pure bunk. Today's teen-ager is the best informed, most absorbent, ambitious and adventuresome born to this world in many a year. The trouble is we haven't channeled their energies in the right direction. Parents have become complaisant in their efforts toward raising their children and quick to blame rather than seek a means to cure.

What greater pleasure can parents have in this world than see their boys and girls grow into adulthood with good moral, compassionate and religious ideals. If this is correct, why then shouldn't we exert every effort to build an organization that will develop the moral, compassionate and religious fibers of our youth while affording them every opportunity to tax their energies to the limit, develop their talents and achieve their ambitions. It will be an uphill climb, but, the U.S. cadets program will do the job.

**NO SIGN OF IMPROPER USE OF GOVERNMENT PROPERTY BY HOLLEY CARBURETOR CO., OF WARREN, MICH.**

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. O'HARA] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. O'HARA of Michigan. Mr. Speaker, early this month the press reported that the distinguished senior Senator from Wisconsin [Mr. PROXMIRE] has charged that defense contractors were wasting "hundreds of millions of dollars a year" by improperly using Government property.

According to the press, the Senator cited a report by the General Accounting Office which examined the practices of 23 defense contractors holding nearly \$1 billion in Government property. These 23 include 21 industrial firms and two universities.

The impression was given that all 23 contractors examined by the General Accounting Office were guilty of misusing Government-owned property.

Among the companies which were included in the GAO investigation was the Holley Carburetor Co., of Warren, Mich., which is in my district. Since I know Holley Carburetor Co. to be a responsible, reputable firm which has manufactured a considerable amount of material used by the Department of Defense, I was quite surprised to see it accused of improper practices.

Subsequently, the Macomb Daily, a

newspaper in my district, published a denial by Holley Carburetor Co. President Milton J. Kittler.

The next day I asked the General Accounting Office for its findings regarding Holley Carburetor Co.

I have received a reply from Mr. Frank H. Weitzel, Assistant Comptroller General, which says in part:

This company was one of 21 contractors included in our review of the Department of Defense Controls over government-owned property in contractors' plants and, as such, was requested to furnish us with comments on our report to the Congress.

We found no indications in the course of our examination, however, of any misuse of Government property by the company.

In other words, the General Accounting Office, after including Holley Carburetor in its exhaustive investigation, found no sign of improper use of Government property.

In order to set the record straight, I place at this point in the RECORD a New York Times story reporting the charges, a letter written by Holley Carburetor Co. President Milton J. Kittler lauding the GAO for its aggressive investigation, the Macomb Daily story reporting Mr. Kittler's denial of the charge, and finally, the letter to me from Assistant Comptroller General Frank H. Weitzel:

[From the New York Times, Jan. 6, 1968]  
**PROXMIRE LINKS 23 CONTRACTORS TO DEFENSE WASTE—HE ASSERTS THEY ARE AMONG THOUSANDS CAUSING LOSSES—PENTAGON IN DENIAL**

(By Neil Sheehan)

WASHINGTON, January 5.—Senator William Proxmire listed today the names of 23 defense contractors among thousands that he said were wasting "hundreds of millions of dollars a year" through improper use of Defense Department property.

The charges were immediately denied by the Pentagon and by most of the concerns involved.

In making his charges at a news conference this morning, the Wisconsin Democrat said:

"I think this is an excellent example of the military industrial complex at work with the victim being . . . the taxpayer."

**CITES GAO FINDINGS**

Mr. Proxmire cited as evidence for his accusation the findings of a 15-month investigation by the General Accounting Office of 23 defense contractors holding nearly \$1 billion in Government property.

The investigation was conducted at the request of a subcommittee of the Joint Economic Committee, which Senator Proxmire heads. He said last week that equipment was being misused, but today was the first time he made specific charges against contractors.

Mr. Proxmire and the report of the accounting agency charged that the Defense Department had been lax in enforcing its own regulations governing the property and that the contractors had been using plant equipment for commercial production without Government permission and had paid adequate rentals for its use.

**"REPRESENTATIVE" FINDINGS**

The accounting agency is a Congressional investigative arm. Its investigation, which consisted of sample examinations of the manner in which the property was being utilized and cared for, did not produce enough evidence of misuse to prove directly Mr. Proxmire's charge of hundreds of millions of dollars in annual waste.

He contended, however, that the findings were "representative" of the manner in which

the 5,500 defense contractors who hold Government property were utilizing it.

The Senator put the original purchase value of the property at about \$15 billion. But he acknowledged that some of the property had been purchased as early as 1950 and had thus clearly depreciated in value.

The property was provided to the contractors by the Defense Department for military production and emergency mobilization purposes.

According to Defense Department statistics, the property consists of about \$5 million in material, such as aircraft engines, used by contractors as components for defense items: \$2 billion in real estate, such as industrial buildings and aircraft hangers; \$4 billion in plant production equipment, such as machine tools and steel forge presses, and \$4 billion of special test equipment, such as dies, fixtures and molds and electronic gear used for test purposes in the development and production of specialized defense items.

The 23 contractors named by Mr. Proxmire included some of the country's leading aerospace and electronics concerns. Among them were the Boeing Company, the Sikorsky Aircraft, the Raytheon Company and the Sperry Gyroscope Company.

Also named was the FMC Corporation, a major producer of ground equipment, which has obtained contracts to build 25,000 M-113 armored personnel carriers. The Universities of Chicago and Maryland, which had defense research contracts, were included.

Most of the concerns quickly denied that they had mismanaged or misused Government property. The Boeing Company, in a typical statement, expressed concern that it "will be subjected to unwarranted criticism even though very few of the specific findings relate to our operations and these are readily explainable."

Thomas D. Morris, Assistant Secretary of Defense for Installations and Logistics, said there was no evidence that the 23 contractors had not fulfilled their defense contracts.

"By a careful management of this equipment, assigning it to productive work rather than allowing it to remain idle, we have been saving the taxpayer well over \$100-million per year in new equipment purchases during the past four years," he said.

Mr. Morris said that "in only five of the 23 cases cited by the Senator did we find that the contractor owed small additional amounts for the use of Government equipment on commercial production." These cases totaled about \$60,000, and this money is being collected, he added.

"It is unfortunate," Mr. Morris said, "that a \$60,000 case is being portrayed as charges of waste amounting to hundreds of millions or billions of dollars. The public interest is not served when facts are not kept in proper perspective."

Mr. Proxmire said the defense contractors "are hardly people to be pitied . . . since they made a whale of a lot of money out of this." But he placed the "principal onus" for the problem on the Defense Department.

"The Defense Department determines whether the equipment should be purchased, what the regulations should be and how the regulations should be enforced, so the delinquency, it seems to me, lies with the Defense Department," he said. "If the Defense Department needed legislation to correct this it could have gotten it."

The G.A.O. report cited as one instance of abuse the provision by the Defense Department in 1961 of an 8,000-ton steel forge press to the TRW Corporation of Cleveland at a cost of \$1.4 million.

The report said that the concern had argued that it needed the press to produce jet engine midspan blades. It contended that the Government-owned 4,000-ton presses it then had were not capable of handling all Government orders.



But, the report said, during a three-year period ending in December of 1965 the 8,000-ton press was then used "78 per cent of the actual production time for commercial work . . . while the majority of Government procurement of midspan blades was processed on the less efficient 4,000-ton presses."

The report said the concern had also failed to obtain advance permission from the Office of Emergency Planning, as is required by Government regulations, to use the machine for commercial purposes more than 25 per cent of the production time.

The Rohr Corporation of Chula Vista, Calif., used Government equipment valued at \$6.5 million "an average of 58.5 per cent of the production time for commercial work during the six months ending July 31, 1966 without advance O.E.P. approval," the report said.

Both concerns denied the charges.

The G.A.O. also asserted that while the FMA Corporation had paid the Pentagon \$226,000 rentals for Government machinery used in private production by advantageously interpreting loose Government regulations, a more careful individual machine utilization charge would have netted the Government \$582,600 more in rentals.

In a statement the corporation said this and other accusations against it by the accounting agency, if put into proper context, were "either misleading or factually incorrect."

A spokesman for another concern, the Sperry Gyroscope Division of the Sperry Rand Corporation said that final interviews with a survey team from the accounting agency indicated that the small amount of Government facilities in the company's custody had been adequately controlled and properly used.

A spokesman for the Aerojet-General Corporation in Sacramento, Calif., said:

"The G.A.O., which actually devotes only two short paragraphs to our company, challenges the methods we use in estimating savings from modernizing Government equipment for work on Government contracts."

"We have fully complied with the Government rules and we are responding to the G.A.O."

TRW, Inc., said the complaints were "totally unjustifiable" and stemmed from an inadequate and incomplete study of the facts, and, as such, unfairly disparage the integrity of this company."

Following is a list of the contractors named by Senator Proxmire:

FMC Corporation (Northern Ordnance Division), Minneapolis.

Holley Carburetor Company, Warren, Mich.

Menasco Manufacturing Company (Texas Division), Fort Worth.

Selb Manufacturing Company, Walnut Ridge, Ark.

Blades Manufacturing Corporation, Rector, Ark.

Wyman-Gordon Company, North Grafton, Mass.

Raytheon Company (Missiles Systems Division), Andover, Mass.

Sikorsky Aircraft Division of United Aircraft Corporation, Stratford, Conn.

Beech Aircraft Corporation, Wichita, Kans.

Sperry Gyroscope Company (Division of Sperry Rand Corporation), Great Neck, N.Y.

Boeing Company (Wichita Division) Wichita, Kans.

Boeing Company (Aerospace Group), Seattle.

Curtiss-Wright Corporation (Wright Aeronautical Division), Wood-Ridge, N.J.

TRW, Inc., Cleveland.

Rohr Corporation, Chula Vista, Calif.

Harvey Aluminum, Inc., Torrance, Calif.

Kelsey-Hayes Company (Heinz Division), Philadelphia.

Kaiser Aluminum and Chemical Corporation, Halethorpe, Md.

Bendix Corporation (Bendix Aerospace Division), South Bend, Ind.

Aerojet-General Corporation, Sacramento, Calif.

Continental Aviation and Engineering Corporation, Toledo, Ohio.

University of Chicago, Chicago.

University of Maryland, College Park, Md.

HOLLEY CARBURETOR CO.,

Warren, Mich., December 12, 1967.

Reference: B-104389.

Attention: Mr. C. M. Bailey, Director, Defense Division.

U.S. GENERAL ACCOUNTING OFFICE,

DEFENSE DIVISION,

Washington, D.C.

DEAR MR. BAILEY: This is in reply to your letter of November 29 addressed to Mr. H. T. O'Connor, who is no longer with our company. We appreciate receiving a copy of your report to Congress on the need for the Department of Defense to improve its controls over Government-owned property in contractors' plants. We wish to state emphatically that we are entirely in accord with the general subject matter of this report and concur with the recommendations.

We note that our copy of the report contains no marginal notations which we trust means that we were found to be in compliance with your remarks.

In our own case we feel particularly strongly about the removal of machines which will no longer perform an adequate economic function in connection with our government contract work. We have, during the year 1967, declared surplus and returned 34 pieces of equipment valued at \$192,000 and we intend, during the year 1968, to do likewise in connection with 16 additional pieces of equipment valued at \$134,000.

We commend your efforts toward the reduction of government expenditures and the obtaining of the maximum effectiveness from the dollars spent, and we assure you of our full cooperation.

Very truly yours,

MILTON J. KITTLER.

[From the Macomb (Mich.) Daily]

WARREN FIRM REFUTES PROXIMITY ACCUSATION

WARREN.—A strong denial of any wrongdoing was issued Friday by the president of a firm here included among 21 defense contractors accused of misusing costly government-owned property.

The 21 companies were named by Sen. William Proxmire, D-Wis., at a news conference in Washington Friday. Included on the list was the Holley Carburetor Co., of Warren.

"It appears that the good senator has assumed that all 21 companies investigated were guilty. This we very strongly object to. It's guilt by association," said Milton J. Kittler, the company president.

Holley Carburetor was included in a sampling of 5,500 defense contractors who have government-owned equipment for defense work. The investigation was made by the General Accounting Office.

Kittler said that a letter dated Nov. 29 from the GAO had cleared his company of any wrongdoings. The letter was signed by C. M. Bailey, director of the GAO's Defense Division.

The letter said that marginal notations were made in the report wherever its findings were applicable to the company.

"Our copy of the report contains the statement 'there are no marginal notations needed for this contractor,'" Kittler said. "We were completely exonerated. No comments were made, no questions raised."

In a letter dated Dec. 12, Kittler replied that the company was entirely in accord with the general findings of the report and concurred with its recommendations.

"We note that our copy of the report contains no marginal notation, which we trust

means that we were found to be in compliance with your remarks," Kittler wrote.

COMPTROLLER GENERAL

OF THE UNITED STATES,

Washington, January 23, 1968.

HON. JAMES G. O'HARA,  
House of Representatives.

DEAR MR. O'HARA: This is in reply to your inquiry of January 9, 1968, concerning the Holley Carburetor Company of Warren, Michigan.

This company was one of 21 contractors included in our review of the Department of Defense controls over Government-owned property in contractors' plants and, as such, was requested to furnish us with comments on our report to the Congress.

We found no indications in the course of our examination, however, of any misuse of Government property by the company.

Sincerely yours,

FRANK H. WETZEL,

Assistant Comptroller General of the United States.

#### PRESIDENT JOHNSON'S CIVIL RIGHTS MESSAGE

MR. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. EDWARDS] may extend his remarks at this point in the RECORD and include extraneous matter.

THE SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MR. EDWARDS of California. Mr. Speaker, as a member of the Committee on the Judiciary, I have devoted a great deal of my time and energy since coming to the Congress on civil rights legislation. I am proud to have been a member of the committee that produced the historic legislation known as the Civil Rights Act of 1964 and the Voting Rights Act of 1965.

This legislation could not have become law without the leadership of President Johnson. I am reassured, therefore, by the strong and courageous message which we received yesterday on the civil rights legislation still so urgently needed. With the commitment of the President and the able leadership of our distinguished chairman, the gentleman from New York, EMANUEL CELLER, I hope that we can again move forward in the 90th Congress. The Federal Government must protect all of our citizens in their right to choose where they want to live; free of undemocratic, archaic, and unfair racial discrimination.

I congratulate the President on the urgency which he has given to this unfinished business.

#### AFTER 30 YEARS THE UNITED STATES MOVES TO ENFORCE EXISTING GUN LAWS

MR. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. CASEY] may extend his remarks at this point in the RECORD and include extraneous matter.

THE SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

MR. CASEY. Mr. Speaker, as one who has vigorously opposed harsh and restric-

tive firearms legislation which strikes at the law-abiding citizen sportsman and fails to curb the criminal, it was gratifying to me to note the Federal Government is finally moving to enforce provisions of the 1938 Federal Firearms Act.

I have said many times that our national problem of illegal firearms use can be curbed by swift enforcement of existing provisions of the law.

On April 5, 1967, testifying before Judiciary Subcommittee No. 5 on proposed firearms legislation, I stated:

That we have a problem cannot be denied. But it is a problem caused by the failure of the Department of Justice and the Treasury Department to vigorously enforce existing provisions of the National Firearms Act and the Federal Firearms Act.

The problem is caused by the failure of the Department of State to regulate the importation of surplus firearms and heavy weapons and destructive devices under ample authority granted it to do so by Congress in the 1954 Mutual Security Act.

The problem is the failure of the Secretary of the Treasury to enact forceful and rigid regulations to carry out provisions of the Federal Firearms Act under authority granted him by Congress in Section 907.

The problem is caused by lax prosecutors, lenient judges and juries, and faint-hearted probation officers who repeatedly turn loose the hardened criminal to continue preying on society.

For the problem, gentlemen, is crime—and the criminal. It is particularly the repeat offender who uses firearms to rob, rape, assault and murder.

And I—for one—am getting just a bit tired of this Congress being made the whipping boy for failure of these departments to act under the ample authority granted in existing law. Surely, it should be obvious that the constant cry that "present laws are ineffective" serves but one purpose—it focuses the spotlight of public attention away from the departments' own failures and shortcomings in enforcing existing law. . .

On January 20, 1968, a Federal grand jury indicted a Rockland County, N.Y. concern on charges of unlawfully shipping pistols and revolvers to customers in four States.

The indictment, Mr. Speaker, was hailed as the first of its kind in the country against a mail-order company dealing in firearms.

After 30 years—the Justice Department has discovered it can make a case under existing law against a mail-order gun firm.

Mr. Speaker, I claim no credit for this sudden discovery. I am glad to know that the point I made to Subcommittee No. 5 is now apparent to the Justice Department, and I hope that Treasury and State take cognizance of the provisions of the ample authority granted them in curbing our national firearms problem. And I hope that my colleagues here today will take note of these recent events, and join with me in a strong effort to see existing law is strictly enforced before further efforts are made to sell the American people on the need to enact new laws which completely ignore the criminal use of firearms.

The attached press release by the National Shooting Sports Foundation, Inc., sets forth full details on this case.

A thirty-year lapse between legislation and enforcement was revealed recently when federal agents made their first case on mail-

order abuses through a section of the Federal Firearms Act of 1938.

United States Attorney Robert Morgenthau successfully obtained a federal grand jury indictment against a Nanuet, N.Y. firearms dealer. The indictment charged that the mail-order house had violated the 1938 law by shipping guns to individuals in other states who had not produced the required state or local licenses or permits.

According to the New York Times, "The indictment was described as the first of its kind in the country against a mail-order company dealing in firearms."

Sportsman interests have maintained for years before Congressional committees and subcommittees considering new legislation that existing federal firearms laws suffer from lack of enforcement by the U. S. Treasury and Justice Departments.

At the same time, the Treasury and Justice Departments have been working strenuously for more rigid gun laws, pushing in particular for increasingly restrictive versions of the Dodd bills.

"The delay in acting upon a provision of federal law, a 30-year delay according to the New York Times, is a glaring example of lax enforcement. It lends strength to the position of law-abiding gun owners that existing laws have never been given a real chance," stated Warren Page, president of the National Shooting Sports Foundation, Inc.

"Sportsmen can see little merit in passing additional laws when federal enforcement agencies have scarcely sampled the effectiveness of laws passed three decades ago.

"This same lack of active enforcement has probably also contributed to the general lack of information about gun laws on the part of the public. The New York Times, which pointed out this prime example, has for more than four years not only been campaigning for passage of the Dodd bill but implying that there was no existing law to prevent improper mail-order shipments," Page pointed out.

The indictment returned against the New York dealer was apparently based on that section of the federal act of 1938 which states: "It shall be unlawful for any licensed manufacturer or dealer to transport or ship any firearm in interstate or foreign commerce to any person other than a licensed manufacturer or dealer in any State the laws of which require that a license be obtained for the purchase of such firearm, unless such license is exhibited to such manufacturer or dealer by the prospective purchaser."

Page pointed out that this section of the law could be made even stronger, and enforcement easier, by passage of the bill introduced in both the 89th and 90th Congress by Sen. Roman L. Hruska of Nebraska. The Hruska measure, which is supported by all the major conservation and sportsmen's organizations in the nation, would prohibit the interstate shipment of firearms in contravention of any state law.

Page said the public has been led to believe there are no laws which prohibit criminals from obtaining firearms, even though such prohibitions have been a basic part of the same federal law since 1938.

The act provides: "It shall be unlawful for any person who has been convicted of a crime punishable by imprisonment for a term exceeding one year or is a fugitive from justice to receive any firearm or ammunition which has been shipped or transported in interstate or foreign commerce, and the possession of a firearm or ammunition by any such person shall be presumptive evidence that such firearm or ammunition was shipped or transported or received, as the case may be, by such person in violation of this chapter."

A violation of the act can bring imprisonment up to five years, a fine up to \$5,000, or both.

"Once again, it may well have been the

singular lack of enforcement which has created this impression among the public and the news media," Page said. "Under questioning by Congressmen at hearings in Washington, Treasury officials have claimed they are unable to enforce these firearms laws due to a lack of manpower."

"During the 1965 hearings, Treasury officials admitted that only two men and three women were assigned full time to enforcement of both the 1938 Federal and 1934 National Firearms Acts. This hardly seems a strenuous effort for a department which views the commerce in firearms with such alarm."

Page compared the lack of enforcement to the lack of action on reasonable and useful firearms legislation. He said that while both departments have been calling for new laws, neither has offered support to realistic proposals like those of Sen. Hruska.

## ANNIVERSARY SALUTE TO THE HANCOCK CLARION

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Kentucky [Mr. NATCHER] may extend his remarks at this point in the Record and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. NATCHER. Mr. Speaker, this year marks the 75th publication anniversary of one of the most outstanding newspapers in the Second Congressional District of Kentucky; namely, the Hancock Clarion in Hawesville, Ky., and I consider it a privilege to join with its subscribers and many other friends in appropriately noting this significant event.

It was on March 4, 1893 that the first issue of this newspaper was published and from that day on the Clarion has performed with distinction in providing its readers with fair, honest and all-sided presentation of the news. The primary function of every newspaper is to keep its readers intelligently informed and thus prepare them to better assume their civic and moral responsibilities, and certainly the Clarion has more than fulfilled this obligation. Its strong and forthright editorials have always made this newspaper a very meaningful factor between it and its readers, giving as it does, aid, counsel and a definite public service and proving once again that there is a special affinity between newspapers and people. There is no substitute for explanatory, not exclamatory, news and this fine weekly, in presenting its splendid grassroots views on local, State, and national affairs, reflects much of the commonsense thinking of its readers.

Tremendous changes have come about since the beginning of this newspaper and I know of no comparable publication that has kept better pace with our fast-moving world. The very presence of a hometown newspaper makes a big difference in people's lives and certainly the Clarion has played a major role in bringing about the many and worthwhile accomplishments that have been attained in this fine county during the past 75 years. Industry is flourishing in and around Hawesville and Hancock County and this paper has been particularly helpful in its efforts to first attract and now to accelerate this industrial growth.



Mr. Speaker, the distinguished editor of the Hancock Clarion is my good friend, Mr. Roscoe I. Downs. He, together with his able copublishers, Mrs. Bernice E. Wimmer and Donn K. Wimmer, assisted by an excellent staff, have always conducted the activities of this newspaper in such a manner as to best serve its readers and neighbors, and I am personally well acquainted with its tremendous value.

The Commonwealth of Kentucky generally and the Second Congressional District in particular are most fortunate to have the benefit of the vigorous and responsible views of this newspaper and it is with genuine pride that I salute its entire staff and extend my sincere good wishes for many more years of outstanding service and success.

#### THE PRESIDENT GEARS THE BUDGET TO AN EXPANDING SOCIETY

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. HOWARD] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOWARD. Mr. Speaker, the 1969 budget tells us that Government outlays for the coming fiscal year will exceed \$186 billion. As average human beings, accustomed to looking at our own household income and outgo, anything measured in "billions" is hard to visualize.

But to be seen in proper perspective, the 1969 budget should be viewed not only in dollar terms, but also in relation to the size and growth of the Nation's income and production—the economic foundation which underlies public and private spending.

This March, the American economy will enter its eighth year of sustained growth in which millions of citizens have shared. During this period, budget outlays, excluding our special efforts in defense of Vietnam, have grown at a slower pace than the economy. These outlays will amount to slightly over 18 percent of gross national product—GNP—in 1969. In the late fifties and early sixties budgetary outlays averaged over 19 percent of GNP. In short, the Johnson administration is using less of a percentage of the Nation's wealth for public programs—comparatively speaking—than did the Eisenhower administration.

This decrease relative to GNP occurred despite the sharp rise in social insurance trust funds. We need not be reminded that social security provides essential benefits for over 24 million Americans. Moreover, these and other social insurance programs are almost wholly self-financed.

While major social programs required to meet urgent domestic needs have been increased in the President's fiscal year 1969 budget, less essential programs have been cut back or deferred. As a result, budget outlays, exclusive of social insurance trust funds and Vietnam will be less than 14 percent of GNP next year—com-

pared to almost 15 percent in 1965 and 16 percent in the late fifties.

Clearly, it is not the rise in regular budget outlays which required the administration to propose its small surtax increase, but the added cost of defending the integrity of Vietnam.

When placed in perspective, President Johnson's fiscal year 1969 budget is neither profligate nor parsimonious. On the contrary, it represents a sound, compassionate, and reasonable attack on the Nation's problems—at a price we can afford.

#### MEASURE OF THE HONOR

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. CABELL] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. CABELL. Mr. Speaker, my distinguished colleague and fellow Member of Congress from Dallas County was recently praised in an editorial in the Wichita Falls Times on the occasion of his election as chairman of the Texas Democratic congressional delegation.

This same editorial pointed out the outstanding leadership in Congress of Texas Representatives PATMAN, MAHON, POAGE, TEAGUE, and BURLISON.

The contributions of Representative PURCELL are in the tradition of these outstanding members of the House, and I insert this editorial into the RECORD, as follows:

#### MEASURE OF THE HONOR

To head the sixth largest state delegation in the House of Representatives at Washington is an honor in itself that has come to Rep. Graham B. Purcell of Wichita Falls. But greater significance than the size of the delegation attaches itself to the post.

The Texas delegation of 23 members, 21 Democrats and 2 Republicans, has numerous members of high ranking seniority. Of the 20 standing committees of the House, five are chaired by members of the Texas delegation—W. R. Poage, agriculture; George H. Mahon, appropriations; Wright Patman, banking and currency; Omar Burlison, House administration; and Olin E. Teague, veterans affairs.

Only New York, with 26 Democrats and Liberal Democrats in its 41-member delegation, has more Democrats than Texas. Texas is tied with California, which has 21 Democrats among its 38-member delegation.

There is even more, however, to the eminence of the Texas delegation. It represents President Lyndon B. Johnson's native state and thus attains added stature both in Congress and in the affairs of the Democratic party.

And, as a final measure of the honor that has been bestowed upon Rep. Purcell in his election as the leader of the Texas delegation in the House, the office comes to him in a vital presidential election year.

Purcell's stature in the 13th District raises as it has risen among members of the Texas delegation.

#### RETRIEVING 83 MEN AND THE "PUEBLO"

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. BARRETT] may extend

his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BARRETT. Mr. Speaker, I insert in the body of the RECORD an editorial in today's Philadelphia Inquirer showing the sound thinking, along the lines of the President's approach, to retrieving 83 men and the *Pueblo*.

We hope all sound-thinking, patriotic Americans will use this same good judgment in approaching a situation which could become catastrophic:

The Philadelphia Inquirer.

M. L. Annenberg, Publisher, 1936-1942.

Published Every Day in the Year by Triangle Publications, Inc., Walter H. Annenberg, President, The Philadelphia Inquirer, 400 N. Broad Street, Philadelphia, Pa. 19101.

Walter H. Annenberg, editor and publisher. Harold J. Wiegand, editorial page director. John S. Gillen, managing editor.

Member of the Associated Press. The Associated Press is entitled exclusively to the use for reproduction of all the local news printed in this newspaper, as well as AP news dispatches.

(The Inquirer's platform: To print the news accurately and fearlessly, but never to be content with merely printing the news; to strive always to uphold the principles of our American democracy, to war relentlessly against alien "isms," to fight intolerance, to be the friend and defender of those who are persecuted and oppressed; to demand equal justice for employer and employed; to work for the advancement of industry in Delaware Valley and Pennsylvania; to oppose political hypocrisy and corruption; to fight and never to cease fighting to maintain the sanctity of personal liberty and the inviolability of human rights.)

#### THE 83 MEN

Among the many ramifications of the *Pueblo* crisis there is one objective that should take priority over all others.

That objective is to obtain the release of the ship's crew, safe and sound, at the earliest possible moment.

Other considerations, including the return of the vessel and its equipment, also are of momentous importance but they should not obscure the human factor.

The 83 crewmen are in enemy hands. Military action against North Korea cannot be ruled out—and could, indeed, become necessary—but the choices should be weighed with the fate of the captive Americans uppermost in mind.

Would going to war save the 83, or seal their doom? It is not only a fragile peace that hangs in the balance. It is the lives of our countrymen, entrapped in a diabolical snarl.

A show of restraint need not imply weakness. Restraint and strength should be exercised in tandem. North Korea should be told, even plainer than it already has, that any harm done to the *Pueblo*'s crew would bring grim retribution.

In face of North Korea's provocation America should be diplomatic but not apologetic, reasonable but not submissive, stern but not reckless.

Specifically, while proceeding full speed ahead with preparations for the worst—including war—the United States Government should move with equal dispatch to prevent an outrageous incident from escalating to unconditional catastrophe.

The United Nations doesn't offer much hope—based on developments of the past few days—but the debate serves useful purposes in setting facts straight and in providing opportunities for behind-the-scenes

diplomatic maneuvering. The Communist regime in North Korea, by denouncing U.S. efforts to find a solution through U.N. channels, has damaged its own case.

It is noteworthy that the anti-U.S. tirade from Soviet spokesmen at the United Nations was not matched in the remarks of Premier Kosygin, on a visit to India. The Russian Premier, evidently trying to calm the troubled waters, has suggested that the Pueblo's crew might be released as part of a deal involving return of some North Koreans held in South Korea on charges of border violations.

The Pueblo, along with all equipment aboard when seized by the North Koreans, no doubt has been thoroughly examined by the Communists. Any military secrets it could yield are not secrets now. If we could get back both the ship and the men, simultaneously, that would be desirable, but retrieving the crew should have first priority.

Numerous other questions are crying to be answered. Notable among them are these:

Why was the Pueblo yielded to the Communists without a fight and without outside help?

Does this incident relate—and, if so, how—to the Communist grand strategy for conquest of Asia?

Is the Pueblo being used as bait to lure the United States into a two-front war in Asia, as part of a plan to take the heat off Red aggressors in Vietnam?

Are America's foreign alliances worth the paper they're printed on, when it is we in trouble instead of our allies?

Let's get those 83 men back as quickly as we can—and let's also explore deeply these questions.

#### **MACK TRUCKS, INC., OF ALLENTOWN, PA., RECEIVES PRESIDENT'S E AWARD FOR EXCELLENCE IN EXPORTING**

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. ROONEY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROONEY of Pennsylvania. Mr. Speaker, I am proud to bring to the attention of my colleagues an honor just recently bestowed upon a major industry in my Pennsylvania congressional district.

Undoubtedly, all of my colleagues are familiar with the expression "Built like a Mack truck." It is this firm, Mack Trucks, Inc.—the corporation which made sound construction its slogan, and its slogan a universal expression of durability—which has just been selected to receive the President's E award for excellence in exporting.

This award, announced by Secretary of Commerce A. B. Trowbridge, was presented to the Mack firm in recognition of its outstanding contributions to the increase of U.S. trade abroad. This award has extraordinary significance at this time when our Nation is striving to reduce a balance-of-payments deficit and strengthen the dollar.

Mr. Zenon C. R. Hanson, president of Mack Trucks, and Mr. Alex Wilner, executive vice president, have brought to this firm a new vitality. Under their very able and imaginative leadership, Mack's growth in the Lehigh Valley of Pennsylvania is helping give tremendous impetus

to the entire region's economic development.

Now, the presentation of this E Award gives due recognition to the stimulus also being provided by Mack Trucks in advancing the U.S. position in world trade.

I know that Mr. Hanson, Mr. Wilner, and all of the Mack Trucks personnel are justifiably proud of this distinctive honor, and that their pride is shared by the citizens of Allentown, Pa., the city Mack Trucks has propelled to recognition as "the truck capital of the world."

#### **PRESIDENT JOHNSON URGES ENACTMENT OF A VITAL FAIR HOUSING LAW**

Mr. HANNA. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. ROONEY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. ROONEY of Pennsylvania. Mr. Speaker, the President of the United States, in his eloquent message on equal justice to the Congress, has asked us to enact a fair housing law which would assure that no American is the victim of discrimination on account of race, color, creed, or national origin when he seeks to purchase or lease a home. I strongly urge the Congress to pass his proposal.

While it is clear that all remnants of discrimination against our citizens must be eliminated, discrimination in housing is one of the most harmful and frustrating obstacles. For the place where one lives obviously affects the schools he attends, the jobs he may obtain, and other opportunities available to him to enjoy a meaningful and productive life.

The tragic poverty cycle of the urban ghetto, with its resulting segregated and inferior schools and lack of job or other opportunities, may never be ended unless housing discrimination is eliminated. Under present circumstances, housing segregation patterns result in segregation in neighborhood schools.

If we fail to meet the problem of discrimination in housing, we will only aggravate this tragic problem of segregated and inferior schools, but make increasingly difficult the effort to provide true equality for all Americans.

Segregated housing works as great an injustice in employment opportunities. Frequently Negroes cannot find decent homes, or any homes at all, near a place where they work. And often there are no meaningful job opportunities in the ghettos. Unless we act now to reverse this cycle, the understandable despair of the victims of discrimination will only grow deeper.

We must act now to banish this most serious form of discrimination from America.

I strongly support the President's proposals and I urge the Congress to meet this problem frankly, courageously, and with the wisdom necessary to correct a deep and well-founded grievance on the part of many of our citizens.

The Commonwealth of Pennsylvania already has similar legislation in effect,

and I was privileged to help enact that legislation as a member of the Pennsylvania Senate in 1961. That original bill has since been strengthened by additional amendments in 1965 and 1967. But equal opportunities should not be available only to the citizens of some States—they should be available to all citizens of all States.

#### **LEAVE OF ABSENCE**

By unanimous consent, leave of absence was granted to Mr. MONAGAN (at the request of Mr. Boggs), for today through February 6, on account of official business.

#### **SPECIAL ORDERS GRANTED**

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. VANDER JAGT) and to revise and extend their remarks and include extraneous matter:)

Mr. LAIRD, for 15 minutes, today.

Mr. GUDE, for 20 minutes, today.

Mr. MAHON, for 5 minutes, today, immediately following the reading of the President's budget message; to revise and extend his remarks and include extraneous matter and tables.

Mr. Bow, for 5 minutes, today, immediately following remarks of Mr. MAHON; to revise and extend his remarks and include extraneous matter and tables.

Mr. FEIGHAN, for 15 minutes, today; to revise and extend his remarks and include extraneous matter.

#### **EXTENSIONS OF REMARKS**

By unanimous consent, permission to extend remarks was granted to:

Mr. DORN and to include extraneous matter.

Mr. RIVERS and to include an article. (The following Members (at the request of Mr. VANDER JAGT) and to include extraneous matter:)

Mr. GOODELL in five instances.

Mr. GUBSER.

Mr. QUINN in four instances.

Mr. KLEPPE.

Mr. MCCLORY.

Mr. HARVEY.

Mr. LAIRD.

Mr. DERWINSKI in three instances.

Mr. COLLIER in five instances.

Mr. SNYDER.

Mr. MICHEL.

Mr. FULTON of Pennsylvania in five instances.

Mr. HOSMER in two instances.

Mr. HARRISON.

Mr. RAILSBACK.

(The following Members (at the request of Mr. HANNA) and to include extraneous matter:)

Mr. LEGGETT in two instances.

Mr. LONG of Maryland in two instances.

Mr. EDWARDS of California.

Mr. MONAGAN in two instances.

Mr. ROGERS of Colorado.

Mr. BINGHAM.

Mr. BOGGS.

Mr. SIKES in six instances.

Mr. WOLFF in two instances.



Mr. MINISH.  
Mr. UDALL in six instances.  
Mr. DOW.  
Mr. ROYBAL in six instances.  
Mr. DINGELL in two instances.

#### ADJOURNMENT

Mr. HANNA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 36 minutes p.m.) the House adjourned until Tuesday, January 30, 1968, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1410. A letter from the Secretary of Agriculture, transmitting a report covering the activities of the Rural Electrification Administration for the fiscal year 1967; to the Committee on Agriculture.

1411. A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to authorize appropriations during the fiscal year 1969 for procurement of aircraft, missiles, naval vessels, and tracked combat vehicles research, development, test, and evaluation for the Armed Forces, and for other purposes; to the Committee on Armed Services.

1412. A letter from the Deputy Secretary of Defense, transmitting a draft of proposed legislation to reduce and repeal authorizations in the amount of \$1,846,818,000 for appropriations during the fiscal year 1968 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and research, development, test and evaluation for the Armed Forces and to increase authorizations in the amount of \$177,086,000 and for other purposes; to the Committee on Armed Services.

1413. A letter from the Vice President, Chesapeake & Potomac Telephone Co. transmitting a statement of the receipts and expenditures for the year 1967, pursuant to the provisions of chapter 1628, Acts of Congress, 1904; to the Committee on the District of Columbia.

1414. A letter from the Chairman, District of Columbia Armory Board, transmitting a request for an extension of time from January 31 to February 15 for submittal of the 10th annual report and financial statements of the Board's operation of the District of Columbia Stadium, and the 20th annual report and financial statements of the Board's operation of the District of Columbia National Guard Armory for the fiscal year ended June 30, 1967; to the Committee on the District of Columbia.

1415. A letter from the Assistant Secretary for Congressional Relations, Department of State, transmitting a statement that the first report of exports of significant articles will be filed later this year covering the period January 1 to June 30, 1968, pursuant to the provisions of section 634 of the Foreign Assistance Act of 1961, as amended by section 302 of the Foreign Assistance Act of 1967; to the Committee on Foreign Affairs.

1416. A letter from the Director, Bureau of the Budget, Executive Office of the President, transmitting a draft of proposed legislation to amend chapter 9 of title 5 of the United States Code, relating to executive reorganization; to the Committee on Government Operations.

1417. A letter from the Comptroller General of the United States, transmitting a draft of proposed legislation to authorize the Comptroller General of the United States to administratively settle tort claims arising in

foreign countries; to the Committee on the Judiciary.

1418. A letter from the Acting Secretary, Department of Health, Education, and Welfare, transmitting a report of all claims paid under the Military Personnel and Civilian Employees' Claims Act of 1964, for the period January 1, 1967 to December 31, 1967, pursuant to the provisions of Public Law 88-558; to the Committee on the Judiciary.

1419. A letter from the Federal and State Cochairmen, New England Regional Commission, transmitting a report on the activities of the New England Regional Commission during fiscal year 1967, pursuant to the provisions of section 509 of the Public Works and Economic Development Act of 1965; to the Committee on Public Works.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEL CLAWSON:

H.R. 14882. A bill to amend title 13, United States Code, to limit the categories of questions required to be answered under penalty of law in the decennial censuses of population, unemployment, and housing, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. FINO:

H.R. 14883. A bill to provide that railroad employees may retire on a full annuity at age 60 or after serving 30 years; to provide that such annuity for any month shall be not less than one-half of the individual's average monthly compensation for the 5 years of highest earnings; and for other purposes; to the Committee on Interstate and Foreign Commerce.

H.R. 14884. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. GARMATZ:

H.R. 14885. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. GIAIMO:

H.R. 14886. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. JOELSON:

H.R. 14887. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. LEGGETT:

H.R. 14888. A bill to establish a Travel Incentive Act of 1968; to the Committee on Interstate and Foreign Commerce.

By Mr. McCLOREY:

H.R. 14889. A bill to amend title 18 of the United States Code to make it unlawful to assault or kill any member of the armed services engaged in the performance of his official duties while on duty under orders of the President under chapter 15 of title 10 of the United States Code or paragraphs (2) and (3) of section 3500 of title 10 of the United States Code; to the Committee on the Judiciary.

By Mr. MINSHALL:

H.R. 14890. A bill to amend the Federal Food, Drug, and Cosmetic Act to prescribe penalties for the possession of depressant, stimulant, and hallucinogenic drugs by unauthorized persons; to increase penalties for the unauthorized sale, delivery, or disposition of such drugs; and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MOORHEAD:

H.R. 14891. A bill to establish the Travel Incentive Act of 1968; to the Committee on Interstate and Foreign Commerce.

By Mr. PURCELL:

H.R. 14892. A bill to amend title 39, United States Code, to regulate the mailing of master keys for motor vehicle ignition switches, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ROONEY of Pennsylvania:

H.R. 14893. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. ROSENTHAL:

H.R. 14894. A bill to authorize participation by the United States in the construction of a dual-purpose electrical power generation and desalting plant in Israel; to the Committee on Foreign Affairs.

H.R. 14895. A bill to amend title II of the Social Security Act to increase monthly benefits (with subsequent cost-of-living increases), to provide higher widow's benefits, to provide benefits for dependent parents, to permit the payment of benefits to married couples on their combined earnings records, to permit the exemption from coverage of services performed after attaining age 65, to eliminate the new restrictive definition of disability, to raise the wage base, and to otherwise extend and improve the old-age, survivors, and disability insurance system; to amend title XVIII of such act to provide coverage for certain drug expenses under the supplementary medical insurance program; and to amend titles IV and XIX of such act to eliminate certain restrictions and limitations added in 1967 to the aid to families with dependent children and medical assistance programs; to the Committee on Ways and Means.

By Mr. SCHEUER:

H.R. 14896. A bill to amend the Federal Aviation Act of 1958 to authorize aircraft noise abatement regulations, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. TIERNAN:

H.R. 14897. A bill to safeguard the consumer in connection with the utilization of credit by requiring full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit; by establishing maximum rates of finance charges in credit transactions; by authorizing the Board of Governors of the Federal Reserve System to issue regulations dealing with the excessive use of credit for the purpose of trading in commodity futures contracts affecting consumer prices; by establishing machinery for the use during periods of national emergency of temporary controls over credit to prevent inflationary spirals; by prohibiting the garnishment of wages; by creating the National Commission on Consumer Finance to study and make recommendations on the need for further regulation of the consumer finance industry; and for other purposes; to the Committee on Banking and Currency.

By Mr. VANDER JAGT:

H.R. 14898. A bill to provide for the broadest possible participation by amateur athletes in competitive sports by prohibiting unreasonable restrictions on such participation by private sport groups and operators which sanction or encourage amateur athletic events; to the Committee on the Judiciary.

By Mr. WAGGONER:

H.R. 14899. A bill for the relief of certain distressed aliens; to the Committee on the Judiciary.

By Mr. WALDIE:

H.R. 14900. A bill to provide for improved employee-management relations in the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ADAMS:

H.R. 14901. A bill to amend the Public Health Service Act to provide for a comprehensive review of the medical, technical, social and legal problems and opportunities which the Nation faces as a result of medical progress toward making transplantation of organs, and the use of artificial organs a practical alternative in the treatment of disease; to amend the Public Health Service Act to provide assistance to certain non-Federal institutions, agencies, and organizations for the establishment and operation of regional

and community programs for patients with kidney disease and for the conduct of training related to such programs, and for other purposes; to the Committee on Ways and Means.

By Mr. BENNETT:

H.R. 14902. A bill to require imported foodstuffs to meet standards required by the Federal Government for domestic foodstuffs; to the Committee on Ways and Means.

By Mr. ERLBORN:

H.R. 14903. A bill to provide flexible interest rates for mortgages insured by the Federal Housing Administration; to the Committee on Banking and Currency.

By Mr. HARSHA:

H.R. 14904. A bill to amend chapter 4 of title 23, United States Code, to provide safety standards for bridges, and for their inspection; to the Committee on Public Works.

By Mr. HOLIFIELD (by request):

H.R. 14905. A bill to authorize appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes; to the Joint Committee on Atomic Energy.

By Mr. QUIE:

H.R. 14906. A bill to designate the Veterans' Administration hospital in the District of Columbia as the Melvin J. Maas Memorial Hospital; to the Committee on Veterans' Affairs.

By Mr. PATMAN:

H.R. 14907. A bill to amend the Federal Credit Union Act; to the Committee on Banking and Currency.

By Mr. RIVERS:

H.R. 14908. A bill to amend title 10, United States Code, to provide for the rank of major general for the Chief of the Dental Service of the Air Force; to the Committee on Armed Services.

By Mr. ROYBAL:

H.R. 14909. A bill to amend the Public Health Service Act to provide for a comprehensive review of the medical, technical, social and legal problems and opportunities which the Nation faces as a result of medical progress toward making transplantation of organs, and the use of artificial organs a practical alternative in the treatment of disease; to amend the Public Health Service Act to provide assistance to certain non-Federal institutions, agencies, and organizations for the establishment and operation of regional and community programs for patients with kidney disease and for the conduct of training related to such programs; and for other purposes; to the Committee on Ways and Means.

By Mr. STAGGERS:

H.R. 14910. A bill to amend the Communications Act of 1934, as amended, to give the Federal Communications Commission authority to prescribe regulations for the manufacture, import, sale, shipment, or use of devices which cause harmful interference to

radio reception; to the Committee on Interstate and Foreign Commerce.

By Mr. WALDIE:

H.R. 14911. A bill to amend section 163 of the Internal Revenue Code of 1954 to provide that loan origination fees (commonly referred to as "points") imposed in connection with home mortgage loans shall be deductible as interest thereunder; to the Committee on Ways and Means.

By Mr. CHARLES H. WILSON:

H.R. 14912. A bill to amend title 5, United States Code, to correct inequities in the prohibition of nepotism in government employment; to the Committee on Post Office and Civil Service.

By Mr. DEL CLAWSON (for himself and Mr. BOB WILSON):

H.J. Res. 1014. Joint resolution to provide for the issuance of a gold medal to the widow of the late Walt Disney and for the issuance of bronze medals to the California Institute of the Arts in recognition of the distinguished public service and the outstanding contributions of Walt Disney to the United States and to the world; to the Committee on Banking and Currency.

By Mr. LEGGETT:

H.J. Res. 1015. Joint resolution to provide for the designation of the second week of May of each year as National School Safety Patrol Week; to the Committee on the Judiciary.

By Mr. McCLOREY:

H.J. Res. 1016. Joint resolution to provide for the issuance of a special postage stamp in commemoration of Dr. Enrico Fermi; to the Committee on Post Office and Civil Service.

By Mr. MINISH:

H.J. Res. 1017. Joint resolution to provide for the issuance of a special postage stamp in commemoration of Dr. Enrico Fermi; to the Committee on Post Office and Civil Service.

By Mr. REIFEL (for himself and Mr. BERRY):

H.J. Res. 1018. Joint resolution to provide for the designation of the second week of May of each year as National School Safety Patrol Week; to the Committee on the Judiciary.

By Mr. STAGGERS:

H.J. Res. 1019. Joint resolution authorizing the President to proclaim August 11, 1968, as Family Reunion Day; to the Committee on the Judiciary.

By Mr. TIERNAN:

H.J. Res. 1020. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. WALDIE:

H.J. Res. 1021. Joint resolution to provide for the designation of the second week of May of each year as National School Safety Patrol Week; to the Committee on the Judiciary.

By Mr. COLLIER:

H. Con. Res. 621. Concurrent resolution concerning the need to demand payment of French World War I obligation; to the Committee on Ways and Means.

By Mr. RHODES of Arizona:

H. Res. 1047. Resolution to reexamine the trade and tariff policy of the United States; to the Committee on Ways and Means.

## MEMORIALS

Under clause 4 of rule XXII,

303. The SPEAKER presented a memorial of the Legislature of the State of South Dakota, relative to special consideration for the development and the use of waters of the Upper Missouri River Basin in the Upper Great Plains States including South Dakota, which was referred to the Committee on Interior and Insular Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FINO:

H.R. 14913. A bill for the relief of Antonio Peluso; to the Committee on the Judiciary.

By Mr. FLYNT:

H.R. 14914. A bill for the relief of the Clayton County Journal and Wilbur Harris; to the Committee on the Judiciary.

By Mrs. HECKLER of Massachusetts:

H.R. 14915. A bill for the relief of Maria Amalia Da Cruz Concalves; to the Committee on the Judiciary.

H.R. 14916. A bill for the relief of Dr. Marianne Dierks; to the Committee on the Judiciary.

H.R. 14917. A bill for the relief of Luis Enrique Linares; to the Committee on the Judiciary.

H.R. 14918. A bill for the relief of Maria Do Santo Cristo Se Souza Malato; to the Committee on the Judiciary.

H.R. 14919. A bill for the relief of Nocera Rocco; to the Committee on the Judiciary.

By Mr. MORTON:

H.R. 14920. A bill for the relief of Helmar C. Schmidt; to the Committee on the Judiciary.

By Mr. ROGERS of Colorado:

H.R. 14921. A bill for the relief of Pasquale (Pat) LaValle; to the Committee on the Judiciary.

## PETITIONS, ETC.

Under clause 1 of rule XXII,

233. The SPEAKER presented a petition of Henry Stoner, Avon Park, Fla., relative to a suggested correction of the Congressional Record, which was referred to the Committee on House Administration.

## SENATE—Monday, January 29, 1968

The Senate met at 12 o'clock meridian, and was called to order by the Vice President.

Rev. Edward B. Lewis, D.D., pastor, Capitol Hill Methodist Church, Washington, D.C., offered the following prayer:

Merciful Father, we know that You bestow upon Your children gifts that they cannot gain for themselves. Grant unto the President, the Congress, and the people the awareness that You are loving us in every disaster, lighting a way in every darkness, strengthening us in every weakness, and caring for us in every trouble.

Give understanding today as our leaders must deal with present crises. Forgive us for our sins and failures. Inspire all world leaders with calmness and self-control. Direct the thinking of men of all nations that peace may be found and guide our feet into paths of righteousness, truth, goodness, and love. We pray in the Master's name. Amen.

## THE JOURNAL

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the reading of the Journal of the proceedings of Friday, January 26, 1968, be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

## MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Jones, one of his secretaries.

## THE BUDGET—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 225)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States,